STATE OF IDAHO GEOTHERMAL RESOURCE LEASE NO. HXXXXXX
Summary Page

Lessor:	STATE OF IDAHO, State Board of Land Commissioners c/o State of Idaho, Department of Lands 300 N. 6th Street Boise, ID 83720-0050 Phone No.: (208) 334-0200 Email: MineralsLeasing@idl.idaho.gov
Lessee:	Lessee of Record Full Legal Name Attention or Contact Name Address 1 City, State, Zip, Country if not USA Phone No.: Email:
Leased Premises:	Legal description and maps attached as Attachments B and C.
Surface Owner:	State of Idaho or Split estate.
Existing Conditions:	Subject to all the existing conditions identified in Attachment F.
Lease Term:	Forty-nine (49) years, beginning January 1, 2026 and terminating December 31, 2074.
Annual Land Rent:	$X,XXX.00, increased annually by 3.0%.
Annual Facility Rent:	$XXXX.00 per acre, subject to the annual increases identified in Section 4.2 of the Lease. Facility rent is not due until facility construction commences.
Commodity:	Geothermal Resources.
Production Royalty:	Electrical Power Production – 3.5% Years 1-15, 4.0% Years 16-30 and 4.5% Years 31-49, Geothermal Direct Use – 10%, and Geothermal By-Products – 10%.
Surface Damage Payment:	Written waiver by surface owner.
Financial Assurance:	$5,000.00 at Lease commencement, with adjustment per I.C. § 47-1608 before beginning exploration operations, operations, and decommissioning/reclamation.
Liability Insurance:	See Section 15 of the Lease.
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STATE OF IDAHO
GEOTHERMAL RESOURCE LEASE
No. HXXXXX

This Geothermal Resource Lease ("**Lease**"), is dated as of the 1st day of January 1, 2026 ("**Effective Date**") and is made between the **IDAHO STATE BOARD OF LAND COMMISSIONERS**, whose administrative agency is the **IDAHO DEPARTMENT OF LANDS** ("**Lessor**"), and [Lessee's name, confirmed by IDL through ID Sec of State], a [type of company] duly organized under the laws of the State of [State], and authorized to do business in the State of Idaho [if an out of state company] ("**Lessee**"). Lessor and Lessee are collectively referred to herein as the "**Parties**" or individually as a "**Party**." In consideration of the rentals, minimum annual royalties, and production royalties to be paid, and the covenants, conditions, and restrictions as set forth in the Lease herein, Lessor does hereby lease and demise unto Lessee the estate described in Attachments B and C ("**Leased Premises")** for the uses specified herein.

1. Definitions. Definitions in I.C. § 47-1602, I.C. § 47-701, I.C. § 42-4002, and IDAPA 20.03.15.000 shall be applied to and govern words and phrases used in the Lease. Where words and phrases are specifically defined in this Lease and not in statute or rule, such words and phrases shall be given the defined meaning in this Lease.

1.1. "**Affiliated Party**" means any subsidiary, parent company, or any other entity that Lessee, or an owner of Lessee, has a financial interest in, by an ownership interest of ten percent (10%) or more.

1.2. "**Arm's Length"** means a contract or agreement that has been arrived at in the marketplace between independent, nonaffiliated persons with opposing economic interests regarding that contract. For purposes of this subpart, two persons are affiliated if one person controls, is controlled by, or is under common control with another person. The following percentages (based on the instruments of ownership of the voting securities of an entity, or based on other forms of ownership) determine if persons are affiliated:

(a) Ownership in excess of fifty-one percent (51%) constitutes control, or as defined in the joint operating agreement.
(b) Ownership of twenty-percent (20%) through fifty-percent (50%) creates no presumption of either control or non-control.
(c) Ownership of less than twenty-percent (20%) creates a presumption of non-control which the commission may rebut if it demonstrates actual or legal control, including the existence of interlocking directorates. Notwithstanding any other provisions of this subpart, contracts between relatives, either by blood or by marriage, are not arms-length contracts. To be considered arms-length for any production month, a contract must meet the requirements of this definition for that production month as well as when the contract was executed.

1.3. "**Board**" means the Idaho State Board of Land Commissioners or its designee.

1.4. "**Diligent Exploration**" means any activity the purpose of which is to determine the presence or extent of Geothermal Resources on the Leased Premises, including geophysical surveys or drilling exploratory wells.

1.5. "**Director**" means the Director of IDL.

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1.6. "Electrical Power Production" means the use of Geothermal Resources to either directly generate electricity or to heat a secondary fluid and use it to generate electricity.

1.7. "**Field**" means a geographic area overlying a geothermal system with one or more geothermal reservoirs or pools, including any porous, permeable geologic layer, formed along a fault or fracture, or a series of connected faults or fractures.

1.8. "**Geothermal By-Products**" and "**Associated By-Products**" mean any mineral(s), excluding oil, hydrocarbon gas, any other hydrocarbon compound, or helium, found in solution or developed in association with Geothermal Resources; or any demineralized or mineralized water found or developed in association with Geothermal Resources.

1.9. "**Geothermal Direct Use**" means the use of Geothermal Resources for direct applications, including space heating of buildings, road surface heating, recreation, resorts, hot spring bathing, spas, greenhouse warming, aquaculture, and industrial applications, where geothermal heat is used in place of other energy inputs.

1.10. "**Geothermal Facilities**" mean fixtures and personal property owned, controlled, operated or managed in connection with or to facilitate Electrical Power Production, Geothermal Direct Use and Geothermal By-Products, including wells, heat exchangers, storage facilities and devices, transmission and distribution conductors and lines, and transmission and distribution conduits and pipes. For purposes of this Lease, the term "to facilitate" means to directly enable the prudent generation, conversion or transmission of electrical energy produced in paying quantities, and the term does not include Diligent Exploration or any drilling, well completion, or flow testing activities conducted prior to Lessor's written approval of Lessee's Development Plan under Section 7.4.

1.11. "**Geothermal Resource(s)**" means the natural heat energy of the earth; the energy, in whatever form, which may be found in any position and at any depth below the surface of the earth present in, resulting from, created by, or which may be extracted from such natural heat; and all minerals in solution or other products obtained from the Material Medium of any Geothermal Resource. Ground water having a temperature of two hundred twelve (212) degrees Fahrenheit or more in the bottom of a well is a Geothermal Resource. When used without restriction by Lessor, it includes Associated By-Products.

1.12. "**Governmental Approvals**" means any authorization, approval, consent, waiver, exception, license, filing, registration, ruling, permit, tariff, certification, exemption, and any other action, omission, or requirement by or with any governmental authority relating to Lessee's activities pursuant to this Lease, including the construction, use, operation, placement, replacement, removal or discontinuance of the Geothermal Facilities and Improvements, or Lessee's execution or delivery of electricity from the Geothermal Facilities to the transmission grid.

1.13. "**Hazardous Substance(s)**" means any chemicals, materials, substances, pollutants or contaminants, including petroleum, crude oil, petroleum wastes, motor fuels and lubricants, radioactive materials, hazardous wastes, toxic substances, asbestos, PCBs, lead paint, or any other material similarly defined or listed as hazardous, toxic, dangerous, or a similar term, in all applicable Environmental Laws.

1.14. "**Improvement(s)**" means all roads, buildings, structures, footings, signage or advertising structures, or any other change to the Leased Premises necessary for Lessee to construct, operate or maintain Geothermal Facilities, Direct Use, or the production of By-Products.

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1.15. The terms "**including**" and "**includes**" mean including, but not limited to.

1.16. "**Installed Capacity**" means the aggregate megawatt Nameplate Capacity for the geothermal energy turbines located on the Leased Premises, expressed in megawatts.

1.17. "**Market Value**" means the most probable price at a specified date, in cash, or on terms reasonably equivalent to cash, for which the property or commodity should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

1.18. "**Material Medium**" means any substance, including naturally heated fluids, brines, associated gases and steam, in whatever form, found at any depth and in any position below the surface of the earth that contains or transmits the natural heat energy of the earth; but excludes, and does not include, oil, hydrocarbon gas, any other hydrocarbon compound, or helium.

1.19. "**Nameplate Capacity**" means the total nominal electric capacity of each geothermal energy turbine installed on the Leased Premises, expressed in megawatts assigned by the manufacturer for each geothermal energy turbine,.

1.20. "**Offset Well**" means a well, the producing interval of which is situated at or within five hundred (500) feet from any point on the exterior boundary of the Leased Premises.

1.21. "**Production Area**" means the portion of the Leased Premises associated with geothermal production wells, reinjection wells, geothermal area, or geothermal use, and all Geothermal Facilities and Improvements directly engaged in the production or utilization of Geothermal Resources.

1.22. "**Royalty**" and "**Royalties**" mean Lessor's share of all gross revenue from Lessee's Geothermal Direct Use, Electrical Power Production, or use of Geothermal By-Products from the Leased Premises, free of any and all of Lessee's costs, either direct or indirect.

1.23. **"Shut in**" means to close the valves at the wellhead so that the well stops flowing or producing. Also describes a well on which the valves have been closed

1.24. "**Use Agreement**" means any power purchase agreement or any agreement to sell electrical energy converted from Geothermal Resources; any agreement regarding required Governmental Approvals; any agreement for the distribution of electrical energy converted from Geothermal Resources through a federal power marketing agency, or to a state-regulated utility; or any agreement to use the electrical energy converted from Geothermal Resources for Lessee's internal purposes.

2. LEASED PREMISES; RIGHTS GRANTED TO LESSEE, RESERVED BY LESSOR

2.1. Leased Premises. Lessor hereby grants to Lessee the exclusive right and privilege to conduct exploration for the production and conversion of, and to sell by Arm's-Length Transaction, the Electrical Power Production, the Geothermal Direct Use, and the Geothermal By-Products from the Leased Premises located in Washington County, State of Idaho, containing 1,277.52 acres, more or less, and more particularly described in Attachment B, together with the rights and privileges for the use and occupancy of the surface, as provided for in this Lease.

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2.2. Rights Granted to Lessee

2.2.1. Use and Occupancy. Lessee is entitled to use and occupy so much of the surface of the Leased Premises as may be required for all purposes reasonably incident to the exploration for, drilling or other well construction for, production and marketing of, and transmission of energy from, Geothermal Resources, including Electrical Power Production, Geothermal Direct Use, and Geothermal By-Products resulting from the construction, maintenance, and operation of the Geothermal Facilities and Improvements related thereto. If Lessee intends to use any portion of the Leased Premises for any Geothermal Direct Use purpose that is not reasonably related to the Geothermal Facilities and Improvements, then the authorization for any such Direct Use shall be specifically identified and authorized as part of a separate lease that may be issued by Lessor, in its discretion.

2.2.2. Not Self-Executing. These use and occupancy rights are not self-executing, and Lessee must coordinate with Lessor, as follows:

A At least sixty (60) days prior to conducting any surface disturbing operations beyond geotechnical and environmental testing, Lessee must submit to Lessor a complete and correct Exploration Plan before any exploration using motorized equipment or before otherwise engaging in operations that may lead to an appreciable disturbance or damage to lands, timber, other resources, or improvements on or adjacent to the Leased Premises. Lessor shall have a period of thirty (30) days to review and comment on this plan, the proposed activities may not begin until Lessor approves the plan. Lessor may require Lessee to amend such plans as necessary to avoid appreciable disturbance or damage to lands, timber, other resources, or improvements on or adjacent to the Leased Premises..

B Lessee must satisfy all pre-conditions and requirements of IDAPA 20.03.15.100 and 20.03.15.101, as amended.

2.3. Conditions of Grant. Lessor's grant is made subject to the following conditions:

2.3.1. Lessee agrees to take the Leased Premises as is, and subject to any existing encumbrances or conditions, including those listed on Attachment C and F, and any other easements, leases, permits, license, and prior encumbrances or other contract from Lessor of record, of any kind whatsoever.

2.3.2. Lessee agrees to take the Leased Premises subject to any geological deficiencies or limitations that a survey, physical inspection, or exploration might show; and all conditions, restrictions, and limitations appearing of public record.

2.3.3. Lessee's performance of and compliance with all the terms and conditions contained in this Lease.

2.3.4. Lessee's compliance with all environmental laws and other applicable federal, state or local statutes, rules, regulations, ordinances, orders, permits, licenses, or decrees relating to or imposing liability or standards of conduct, presently in effect or that may be promulgated in the future and as may be amended from time to

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time, concerning the development or use of the Geothermal Resources and any resulting or related Hazardous Substances.

2.3.5. Lessee shall protect any agricultural or grazing usage and agrees to close all gates which may be opened, and to enclose or keep covered any shaft, hole, or open cuts.

2.4. RIGHTS RESERVED BY LESSOR

2.4.1. Rights not expressly granted. Lessor reserves all rights and privileges of every kind and nature, except as specifically granted in this Lease.

2.4.2. Right of Entry. Lessor retains the right to enter upon the Leased Premises at any time during the term of this Lease for any purpose, during normal business hours and upon prior notice to Lessee's security personnel, including for inspecting the Leased Premises upon reasonable notice to Lessee.

2.4.3. Resources and Fee Title. Lessor retains all rights to all timber, oil and gas, minerals, solar and wind, easements and rights-of-way, and fee title to the Leased Premises.

2.4.4. Grant of Easements, Licenses, Permits, Leases, and Other Property Interests. Lessor retains the right to grant and issue easements, licenses, permits, leases, and any other property interest over, under, through or upon the Leased Premises, provided said easements, licenses, permits, and leases do not conflict or interfere with Lessee's use pursuant to this Lease, or with the permitted Geothermal Facilities or Improvements installed, or to be installed, maintained or operated by Lessee upon the Leased Premises. Lessor must notify Lessee before granting or issuing any new easement, license, permit, or lease on the Leased Premises. Subject and subordinate to Lessee's rights under this Lease, all lessees, licensees, and permittees have the right of reasonable ingress and egress at all times during the Lease Term.

2.4.5. Disposal of Leased Premises. Lessor reserves the right to sell or otherwise dispose of the surface of the Leased Premises; provided that any sale of surface rights made subsequent to the execution of this Lease will be subject to all terms and provisions of this Lease and that any new owner of the surface of the Leased Premises attorns to this Lease.

2.4.6. Changes in Use for the Protection of Health and Safety. Lessor retains the right to require that changes be made in Lessee's use under this Lease, or to the Geothermal Facilities or Improvements on the Leased Premises, including to the sanitation or other facilities, for the protection of public health and safety, or water quality.

2.4.7. Right of Ingress and Egress. Subject to Lessee's security policies, Lessor reserves the right of ingress and egress across the Leased Premises by way of any existing road or any road constructed by or for Lessee during the term of this Lease. Use of any road access across the Leased Premises by Lessor or its agent must not unreasonably interfere with Lessee's activities.

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2.4.8. Road Closures. Lessor reserves the right to close roads to or within the Leased Premises for any period reasonably necessary for road protection (for public roads not constructed by Lessee), fire suppression, public safety, water quality protection, wildlife and fish protection, administrative purposes, or any other public health or safety reason deemed necessary by Lessor related to public health and safety. If possible, Lessor will give Lessee written notice of any planned road closure at least sixty (60) days in advance of any closure. Lessor must make reasonable efforts to limit the term of any emergency road closure to the period necessary to resolve the emergency.

2.4.9. Closure of Operations. Lessor reserves the right, in situations of imminent danger to life or property, upon such notice as is reasonable in the circumstances, to require Lessee to cease operations on the Leased Premises, without compensation to Lessee. Closure of operations may be determined by IDL, or in coordination with another government agency, to protect public safety, the environment, Geothermal Resources, or endowment assets, including for fire suppression on the Leased Premises or adjacent lands.

3. TERM OF LEASE AND TERMINATION.

3.1. Term of Lease. The term of this Lease is forty-nine (49) years, beginning on the Effective Date and ending on the 31st day of December, 2074.

3.2. Diligence in Utilization. Lessee will use due diligence to market or utilize geothermal resources in paying quantities. If the Leased Premises is capable of producing geothermal resources in paying quantities, but production is shut-in, the lease will continue in force upon payment of rentals for the duration of the lease term or two (2) years after shut-in, whichever is shorter. If Lessor determines that the Lessee is proceeding diligently to acquire a contract to sell or to utilize the production or is progressing with installations needed for production, the Lease may continue in force for one (1) additional year if rental payments are kept current. Lessor will continue to review a shut-in lease every year until production and payment of royalties takes place, or the lease is terminated for Lessee's lack of due diligence or surrendered by the Lessee.

3.3. Lease Renewal. The Lease may be extended by Lessor beyond its Lease Term according to applicable Idaho law, including I.C. § 58-307 ("**Term Extension**"). Lessor may, at its discretion, consider individual applications or call for proposals and sealed bids by public advertisement, and may evaluate said proposals and award the lease to the bidder whose proposal achieves the highest return over the lease term and who is capable of meeting such terms and conditions as may be set by Lessor. Alternatively, Lessor may call for lease applications by public advertisement and if more than one person or entity files an application to hold an auction as provided in I.C. § 58-310. In all cases, Lessor must obtain a reasonable rental, based upon fair market value of the Leased Premises throughout the duration of the Lease. Lessor may reject any or all proposals and any or all bids, and may reoffer the lease at a later date if the Board determines that the proposals or bids do not achieve the highest and best use of the land at market rental. In the event Idaho Code is amended to provide for continuation or preferential renewal rights applicable to geothermal leases (including any amendment modeled on I.C. § 47-704(2), (3), or (9)(g)), such statutory rights shall apply to this Lease without further amendment, and this Section 3.3 shall be deemed conformed accordingly.

3.4. Termination by Lessee.

3.4.1. During Exploration, Lessee may terminate this Lease by giving Lessor ninety (90) days' written notice. Lessee must restore the Leased Premises as required by the Decommissioning and Reclamation Plan.

3.4.2. During Development and Production, Lessee may terminate this Lease by giving Lessor one hundred eighty (180) days' written notice. Termination will not be deemed complete until Lessee has completed all of its obligations under the Decommissioning and Reclamation Plan.

3.4.3. Following Lessee's written notice of termination, Lessee's activities on the Leased Premises must be limited to acts necessary for completion of the Decommissioning and Reclamation Plan.

3.4.4. Under no circumstances will Lessor refund to Lessee any amount or portion of unused annual rental in the event of termination.

3.5. Relinquishment by Lessee

3.5.1. Procedure. Any surveyed subdivision of the Lease Premises, may be surrendered by Lessee by providing a notice of relinquishment, in writing, with Lessor, provided that a partial relinquishment does not reduce the remaining acreage in the Lease to less than forty (40) acres. The minimum acreage provision of this section may be waived by Lessor where Lessor finds such exception is justified on the basis of exploratory and development data derived from activity on the leasehold. The relinquishment must:

A Describe the area of the Leased Premises to be relinquished;
B Include a statement as to whether the relinquished area has been disturbed and, if so, whether it was restored as prescribed by the terms of the Lease; and
C State whether wells have been drilled on the Leased Premises and, if so, whether they have been plugged and abandoned pursuant to the rules of the IDWR.

3.5.2. Continuing Obligations. A relinquishment takes effect on the date Lessor receives notice, subject to the continued obligation of the Lessee and his surety:

A To make payments of all accrued rentals and royalties;
B To place all wells on the Leased Premises to be relinquished in condition for suspension of operations or abandonment;
C To restore the surface in accordance with these rules and the terms of the Lease; and
D To comply with all other environmental stipulations provided for by Idaho law or the Lease.

3.6. Termination by Lessor. Unless otherwise provided, Lessor may terminate the Lease and for any uncured default, breach, or violation of any applicable law, rule, or regulation applicable to the Lease.

3.6.1. This Lease is conditioned upon payment of the rental and minimum annual royalties in advance, and upon the payment of production royalty when Operations are producing.

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3.6.2. In the event of Lessee's failure to pay rentals or Royalties, as required, Lessee must cure any such default, including payment of any and all late charges and interest, within sixty (60) days from the date of the Notice of Default.

3.6.3. Except as otherwise stated in this Lease, in the event of any violation other than Lessee's failure to pay rentals or royalties, Lessee must cure every default within sixty (60) days from the date of the Notice of Default; provided that this. cure period shall be extended as reasonably necessary while Lessee is diligently pursuing a cure.

3.6.4. In the event of any un-cured default, Lessor may terminate this Lease, may elect to enforce any or all violations against Lessee, and may seek any or all remedies available at law or in equity.

3.7. Surrender by Lessee Upon Termination. Upon termination of this Lease, Lessee must quietly and peaceably surrender possession of the Leased Premises. Within one year of termination, Lessee must remove all materials, tools, Geothermal Facilities and Improvements. Anything subject to removal, but not removed, will be deemed abandoned and shall become the property of the State; or Lessor may cause the same to be removed at Lessee's expense.

3.8. Reclamation of Leased Premises. Upon termination of this Lease, Lessee must complete reclamation of the Leased Premises in accordance with the terms of this Lease and the Decommissioning and Reclamation Plan.

3.9. Lessee's Obligations Continue. All obligations of Lessee and any surety of Lessee pursuant to this Lease, or any governing authority, which accrue during the term of this Lease or which accrue upon the termination of this Lease shall survive the termination of this Lease.

3.10. Unitization. The Lease may be subject to unit or cooperative plans of development or operation agreements or amendments of such agreements, as governed by IDAPA 20.03.15.085 and Idaho Code Section 42-4013. Unitization will be evaluated and treated as written modifications of this Lease, without adjustment to existing Lease terms, including base rent and royalties rates. Notwithstanding the remainder of this Section 3.10, Lessee and Lessor acknowledge that to the extent that federal lands are included in a unit agreement, that 43 CFR 3280 provides the required terms and conditions of the unit agreement that must be applicable to all lands within a unit, including non-federal lands, and that the required form of the unit agreement will be as set forth in 43 CFR 3286.1, as the same may be amended from time to time.

4. ANNUAL RENTAL RATE AND TERMS

4.1. Advance Annual Land Rent. Lessee shall pay to Lessor an annual rental of ten thousand two hundred twenty dollars and sixteen cents ($10,220.16). Each annual rental shall be paid to Lessor, in advance, on or before each year's Effective Date.

4.2. Advance Annual Facility Rent. The year upon construction commencement, Lessee shall pay to Lessor an annual rental for the designated acreage in the construction approval permit for any facility involved in Electrical Power Production on the Leased Premises. The annual facility rent shall be $700.00 per acre at the Effective Date and adjusted annually thereafter for inflation until the year of construction commencement to establish the first year's facility rent per acre amount. The inflation adjustment shall be calculated using the U.S. City Average All Items

Consumer Price Index for All Urban Consumers (CPI-U), published monthly by the Bureau of Labor Statistics of the United States Department of Labor. Once the first year's rent per acre amount is established, the amount will be adjusted annually thereafter by 3.0%. With the exception of the first year's annual facility rent which will be due upon the approval of the construction permit, each annual facility rental shall be paid to Lessor, in advance, on or before each year's Effective Date.

The annual facility rental amount does not apply to lands used in association with Geothermal Resource wells or related improvements, but are separate from the facility involved in Electrical Power Production.

4.3. Notice of Increase. Annual rental amounts will be increased by three percent (3%) per year. Lessor will provide Lessee at least six (6) months' notice of the increase and rental amount due.

5. ROYALTY RATES AND TERMS

5.1. Rate. Lessee must pay Lessor a Royalty on the value of geothermal production from the Leased Premises in addition to annual rental at the rates below.

5.1.1. Electrical Power Production. Subject to Section 5.2 Lessee shall pay Lessor a royalty of three and one half percent (3.5%) for years 1-15 of the Lease, and four percent (4%) for years 16 - 30 and four and one half percent (4.5%) for years 31-49 of the Lease of the gross receipts for sale of electrical power.

5.1.2. Geothermal Direct Use. Lessee shall pay Lessor a royalty of ten percent (10%) of the equivalent value of a natural gas source (i.e. fuel) or other industry recognized market value indicator for the Geothermal Direct Use. The equivalent value of a natural gas energy source will be based on the amount of thermal energy that would otherwise be used by the Geothermal Direct Use facility in place of the Geothermal Resources.

5.1.3. Geothermal By-Products. Lessee shall pay Lessor a royalty of ten percent (10%) of the amount or value of any associated by-product derived from production under the lease and sold or utilized or reasonably susceptible of sale or utilization by the Lessee, including commercially demineralized water.

5.2. Calculation of Value. The value of geothermal production from the leased premises for the purpose of computing royalties is based on a total of the following:

5.2.1. For royalties paid under Section 5.1.1, the total consideration accruing to the Lessee from the sale of Geothermal Resources and Geothermal By-Products to another party in an arms-length transaction; and

5.2.2. For royalties paid under Section 5.1.3., the sales price of the end product attributable to the geothermal resource produced from a particular lease where geothermal resources are not sold by the Lessee before being utilized, but are instead directly used in manufacturing power production, or other industrial activity; and

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5.2.3. The value of all renewable energy credits or similar incentives based on a proportionate share of the leased lands in the project area qualifying for the credits.

5.3. Commingled Geothermal Resources. Lessee has the right to commingle production from wells on the Leased Premises with production from non-state lands; provided, that Lesse shall ensure sufficient measurement and accounting of all the commingled Geothermal Resources to ensure that Lessor is paid the correct amount of Royalties. If Geothermal Resources are commingled or otherwise covered by a unit or cooperative agreement, then Gross Revenue due to Lessor will be calculated to include the commingled Geothermal Resources on a pro rata acreage basis.

5.4. Sampling. Lessee must furnish Lessor with the results of periodic tests consistent with industry practice showing the content of By-Products in the produced Geothermal Resources. Additional tests must be taken if requested by Lessor, at Lessee's expense. Any tests not consistent with industry practices will be conducted at the expense of Lessor. Lessor may also direct Lessee to provide information including the following: the identity and character of formations; the presence of Geothermal Resources, water or reservoir energy; the quantity and quality of geothermal water or reservoir energy; the amount and direction of deviation of any well from the vertical formation; casing and tubing pressures, temperatures, rate of heat and fluid flow; or whether operations are conducted in a manner that protects the interest of Lessor. Lessee must forward a copy of the results obtained from all geochemical, hydrologic, geologic and other tests and surveys to Lessor within thirty (30) calendar days of receiving the results.

5.5. Royalty for Usage of Geothermal Resources Off the Leased Premises. Lessee must pay a proportionate share of Royalties to Lessor when the Geothermal Resources are either: 1) produced from the Leased Premises and utilized off the Leased Premises; or 2) produced off the Leased Premises due to drainage, including by an Offset Well, and utilized on or off the Leased Premises. Except as set forth in Section 3.10, the proportionate share will be based on the measured contribution of Geothermal Resources from the Leased Premises to the total production.

5.6. Monthly Report. Lessee must provide Lessor a copy of any contract for the utilization or sale of Electrical Power Production, Geothermal Direct Use, and the Geothermal By-Products from the Leased Premises within thirty (30) days after execution. Once production or use of Electrical Power Production, Geothermal Direct Use, and Geothermal By-Products begins, even if production is intermittent, Lessee must provide monthly reports of production, sales, utilization of Electrical Power Production, Geothermal Direct Use, and Geothermal By-Products by Lessee, and Royalties paid. Total volumes of Geothermal Resources produced, utilized or sold, for Electrical Power Production, Geothermal Direct Use and Geothermal By-Products, the value of Electrical Power Production, Geothermal Direct Use, and Geothermal By-Products, and the Royalty due must be shown. This report is due on or before sixty (60) days after the last day of the month following the month production was obtained and sold or utilized, together with the Royalties due.

5.7. Accurate Records. Lessee must keep full, complete, and proper books, records and accounts of Gross Revenue according to generally accepted accounting principles as would be normally examined and required to be kept by an independent accountant when performing an audit of Lessee's business to verify the accuracy of Lessee's statements of Gross Revenue. All such books, records and accounts must be kept for a period of at least five (5) years following the end of each Lease Year.

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5.8. Right to Audit; Payment Following Audit. Lessor retains the right to audit Lessee's books, records and accounts upon advance notice to Lessee. If the results of the audit show that Lessee's statement or statements of Gross Revenue for any period has been understated, then, within ten (10) business days of the receipt of notice of the deficiency, Lessee must pay any applicable deficiency to Lessor, together with accrued interest and late charges from the date such payment should originally have been made until the date actually paid. If the results of the audit show that Gross Revenue for the audit period have been understated by five percent (5%) or more, then Lessee must also pay Lessor the cost of the audit.

5.9. Accrual of Interest and Late Charges. If any rent, Royalty, or other financial obligation due under the terms of the Lease is not paid in full, then Lessee shall also pay: 1) interest accruing thereon at the statutory rate of interest (12% per annum) as provided by law until payment is made in full; and 2) a late charge which shall accrue as of the first day of each and every month of such delinquency, until payment is made in full, in the amount of Twenty-Five Dollars ($25.00) or an amount equal to one percent (1%) of the unpaid rent or other financial obligation(s), whichever is greater. All payments shall be applied first to any accrued interest, and then to accrued late charges, and then to the unpaid principal.

5.10. Adjustment of Annual Land and Facility Rents and Royalty Rates. Throughout the term of this Lease, Lessor may adjust the Annual Land and Facility Rents and Royalty rates to keep pace with market values, subject to the following:

5.10.1. An increase of twenty-five percent (25%) or more in Lessee's sale price of Electrical Power Production, Geothermal Direct Use, or Geothermal By-Products made on the Leased Premises or from Geothermal Resources, will result in an adjustment. Lessee will be given one hundred eighty (180) days' written notice of any adjustment, however in no event shall the adjustment in rent and royalty exceed a thirty three percent (33%) increase from the highest established rate, as defined in the Lease prior to such increase. Lessee reserves the right to appeal any increase in Rent and Royalty which may unreasonably diminish Lessee's earned economic benefit from Geothermal Resource development.

6. EXPLORATION PHASE

6.1. Diligent Exploration. Lessee must perform diligent exploration and development activities in the first five (5) years of the initial Lease Term or as otherwise extended by lease provision. Diligent exploration includes seismic, gravity, and other geophysical surveys, geothermometry studies, drilling temperature gradient wells, drilling, stimulating, and flow testing confirmation wells or similar activities that seek to determine the presence or extent of geothermal resources. Failure to perform diligent exploration as described may result in lease cancellation.

6.2. Casual Exploration. At any time after formal approval of a lease application, Lessee may enter upon the Leased Premises for casual exploration or inspection without notice to Lessor. As an express condition of an application to lease and of the right of casual inspection without notice, Lessee agrees to the indemnity conditions provided in this Lease without a formally executed lease.

6.3. Exploration Plan Required. Lessee must submit an Exploration Plan to Lessor before any exploration using motorized equipment or before otherwise engaging in operations that may lead to an appreciable disturbance or damage to lands, timber, other resources, or improvements on or adjacent to the Leased Premises except for the activities previously approved via the

process described in Section 2.2.2(A). The proposed activities may not start until Lessor approves the Exploration Plan. The Exploration Plan may be amended as needed with Lessor approval. The Exploration Plan includes all items that Lessor deems necessary or useful in managing the geothermal resources including, but not limited to, the following:

6.3.1. A narrative statement describing all Diligent Exploration (including casual exploration) activities that Lessee will conduct during Exploration Phase, including the type; location; expected impact, disturbance, or damage to the land or existing natural resources; and schedule of all proposed or planned Diligent Exploration.

6.3.2. A narrative statement describing the proposed measures to be taken for protection of the environment, including, but not limited to the prevention or control of fires; soil loss and erosion; pollution of surface and ground waters; damage to fish, wildlife, and other natural resources; air and noise pollution; and hazards to public health and safety during any activities under this Lease.

6.3.3. All pertinent information or data that Lessor may require to support the plan of operations for the utilization of geothermal resources and the protection of the environment.

6.3.4. A proposed schedule, which must include major milestones with sufficient detail to assess project progress.

6.3.5. Exploration Phase-Only Decommissioning & Reclamation Plan. The Exploration Phase-Only Decommissioning & Reclamation Plan must set forth the means by which Lessee will reasonably restore the Leased Premises to its natural contour and vegetative state following appreciable disturbance or damage to lands, timber, or other resources, if any, during diligent exploration.

Scope. The Exploration Phase-Only Decommissioning and Reclamation Plan must address the decommissioning and reclamation of all Geothermal Facilities and Improvements by Lessee, including decommissioning of any wellhead so that the well stops flowing or producing, and any other alteration of the Leased Premises.

6.3.5.1 Activation. The Exploration Phase-Only Decommissioning and Reclamation Plan would only be activated if the Lease is terminated and Lessee had not advanced to the Development and Production Phase of the Lease. If Lessee did not terminate Lease and sought to advance to the next Lease Phase, then the Decommissioning and Reclamation Plan formed during the preparation of the Development and Production Phase would serve to address decommissioning and remediation of all net disturbances since the start of the Exploration Phase.

6.3.5.2. Approvals. The Exploration Phase-Only Decommissioning and Reclamation Plan must include a complete and accurate list of all Governmental Approvals related to that Plan. The Exploration Phase-Only Decommissioning and Reclamation Plan must address the disposal of any Hazardous Substances on the Leased Premises at the conclusion of the Exploration Phase, if such Hazardous Substances will

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not be used in subsequent phases and their use will conclude at the Exploration Phase.

6.3.5.3. **Reclamation**. Lessee must reclaim all parts of the Leased Premises disturbed by exploration, development, operation and marketing of Geothermal Resources in accordance with applicable reclamation procedures, including those in I.C. §§ 47-1509 and 1510. Lessee must conserve and protect topsoil to enhance reclamation.

6.3.5.4. **Survival of Termination.** Upon termination of this Lease for any reason, Lessee's obligations under this Lease, the Exploration Phase-Only Decommissioning and Reclamation Plan, and all applicable laws, rules and regulations will continue in full force and effect. If Lessor, in good faith, believes that Lessee has violated or failed to obtain any Governmental Approvals necessary for activities during the Exploration Phase-Only Decommissioning and Reclamation Phase, Lessor will allow Lessee ninety (90) days from the date of written Notice of Default to cure the alleged default. If any necessary Governmental Approval is not obtained, or related violation not cured, Lessor may require Lessee to cease all activities on the Leased Premises until the default is cured.

6.4. **Bond.** Before Lessee's Diligent Exploration may begin, Lessee must furnish Lessor with a complete and correct copy of all financial assurance and proof of insurance required by this Lease.

6.5. **Environmental Studies & Government Approvals**. Lessee must conduct any environmental studies necessary and obtain any Governmental Approvals needed for the Exploration Phase of this Lease. If any needed Government Approval is not obtained, Lessor may require Lessee to cease activities on the Leased Premises until the default is cured.

6.6. **Use Agreements**. Lessee must provide Lessor a copy of every Use Agreement entered into by Lessee before or during Exploration within thirty (30) days of its execution.

6.7. **Conclusion of Exploration Phase.** The Exploration Phase will conclude upon Lessor's receipt of all the documents itemized above, and Lessor's written approval, which will not be unreasonably withheld. Exploration Phase may be extended at Lessor's discretion upon written request by Lessee.

7. DEVELOPMENT AND PRODUCTION PHASE

7.1. **Diligent Development of Lease and Production.** Lessee must develop the Geothermal Resources and begin production within ten (10) years from the Effective Date. At a minimum, development of the Geothermal Resources requires Lessee to construct Geothermal Facilities, including completing wells and necessary infrastructure to enable production. Production means that Geothermal Resources are being used for Electrical Power Production, Geothermal Direct Use, or Geothermal By-Products, and Royalties are being paid to Lessor.

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7.2. Wells. A well is considered to be completed thirty (30) days after drilling operations have ceased or thirty (30) days after the initial production or injection test has been completed, whichever occurs last.

7.3. Best Practices. All operations will conform to the best practice and engineering principles in use in the industry as of the Effective Date of this Lease. Operations must be conducted in such a manner as to reasonably protect the natural resources on the Leased Premises, including without limitation Geothermal Resources, and to result in the maximum commercially reasonable recovery of Geothermal Resources with a minimum of waste, and be consistent with the principles of the use of the land for other purposes and of the protection of the environment. Lessee must promptly remove from the Leased Premises or store, in an orderly manner, all scraps or other materials not in use and not reasonably incident to Operations.

7.4. Plans Required. Prior to Development, Lessee must submit a Development Plan, and Decommissioning and Reclamation Plan for the Leased Premises. All plans must be approved by Lessor, in writing, prior to Lessee beginning the next phase. All required plans must include all items that Lessor deems necessary or useful in managing the Geothermal Resources. Lessee must submit any proposed changes to any plan to Lessor for approval, which will not be unreasonably withheld. Lessee must provide Lessor a detailed description regarding any possible or planned Direct Use on or off the Leased Premises.

7.4.5. Development Plan. Lessee must submit a Development Plan during the Exploration Phase. The Development Plan must describe all Geothermal Facilities and Improvements to be constructed or related to the use of Geothermal Resources, and all activities to be conducted. The Development Plan must include the following information:

A. Well drilling information, including the proposed general location of each well and a layout showing the general position of the mud tanks, reserve pits, etc.;
B. building and facility locations;
C. all existing and planned access, access controls, and lateral roads;
D. the location and source of Lessee's water supply and road building materials;
E. the location of airstrips, buildings, pipelines, and other supporting facilities;
F. identification of all other areas of potential significant surface disturbance;
G. the topographic features of the land and the drainage patterns;
H. all methods for disposing of waste material; and
I. map(s) of sufficient scale to depict all information

The Development Plan must include a schedule of construction and development on the Leased Premises. If Lessor includes partial transitions of the Leased Premises to phases, then the Development Plan must set forth the portions to be transitioned separately; the power generation projected for each phase; the schedule for the partial transitions; and the contingencies and factors that determine the timing of each transition.

7.5. Commingled Production Plan and Agreements. If Lessee plans to commingle production from the Leased Premises with production from off-lease wells, Lessee must subject all such lands to a unit agreement pursuant to Section 3.10 of this Lease

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7.6. Surveys. If conducted, Lessee must provide a list of all environmental, biological, habitat, and cultural resources survey data, including archeological and historic surveys concerning the Leased Premises or adjacent lands.

7.7. Financial Assurance. Before Lessee may begin any development of the Geothermal Resources, Lessee must furnish Lessor with a complete and correct copy of all financial assurance and proof of insurance required by this Lease.

7.8. Environmental Studies & Governmental Approvals. Lessee must conduct any environmental studies necessary and obtain any Governmental Approvals needed for Development Phase of the Lease. If any necessary Governmental Approval is not obtained, Lessor may require Lessee to cease activities on the Leased Premises until the default is cured.

7.9. Conclusion of Development Phase. The Development Phase will conclude upon Lessor's receipt of all the documents required by this Lease, and Lessor's written approval, which will not be unreasonably withheld. Development Phase may be extended at Lessor's discretion and upon written request by Lessee.

7.10. Modifications to Geothermal Facilities and Improvements in Production Phase. No substantive modifications to the Leased Premises or accepted Development Plan or Operating Plan may be made without written notification to Lessor.

7.11. Suspension of Production. If the Leased Premises are capable of producing Geothermal Resources in paying quantities, but production is shut-in due to a lack of suitable Geothermal Facilities or Use Agreement, this Lease will continue for the duration, or for two (2) years after shut-in, whichever period is shorter. If Lessor determines that Lessee is proceeding diligently to acquire a Use Agreement or installations needed for production, this Lease may continue for one (1) additional year after the two-year shut-in period. All rental payments must be made when due.

8. Decommissioning and Reclamation Phase.

8.1. Decommissioning and Reclamation. The Decommissioning and Reclamation Phase will begin when all Production Phase Lease requirements have been fulfilled and will continue until all activities set forth in the Decommissioning and Reclamation Plan are completed.

8.2. Decommissioning and Reclamation Plan. The Decommissioning and Reclamation Plan must set forth the means by which Lessee will restore the Leased Premises to its natural contour and vegetative state following construction or modification of Geothermal Facilities and Improvements.

8.2.5. No construction of any Geothermal Facilities or Improvements, no alteration of the Leased Premises, nor any change in such construction or alteration plans may occur until Lessor has approved the Decommissioning and Reclamation Plan.

8.2.6. The Decommissioning and Reclamation Plan must address the decommissioning and reclamation of all Geothermal Facilities and Improvements by Lessee, including decommissioning of any wellhead so that the well stops flowing or producing, and any other alteration of the Leased Premises.

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8.2.7. The Decommissioning and Reclamation Plan must include a complete and accurate list of all Governmental Approvals. The Decommissioning and Reclamation Plan must address the disposal of any Hazardous Substances on the Leased Premises at the termination of this Lease.

8.3. Reclamation. Lessee must reclaim all parts of the Leased Premises disturbed by exploration, development, operation and marketing of Geothermal Resources in accordance with applicable reclamation procedures, including those in I.C. §§ 47-1509 and 1510. Lessee must conserve and protect topsoil to enhance reclamation.

8.4. Survival of Termination. Upon termination of this Lease for any reason, Lessee's obligations under this Lease, the Decommissioning and Reclamation Plan, and all applicable laws, rules and regulations will continue in full force and effect. If Lessor, in good faith, believes that Lessee has violated or failed to obtain any Governmental Approvals necessary for activities during the Decommissioning and Reclamation Phase, Lessor will allow Lessee ninety (90) days from the date of written Notice of Default to cure the alleged default. If any necessary Governmental Approval is not obtained, or related violation not cured, Lessor may require Lessee to cease all activities on the Leased Premises until the default is cured.

8.5. Conclusion. The Decommissioning and Reclamation Phase will conclude upon Lessor's written confirmation, which will not be unreasonably withheld, that all of Lessee's obligations under the Decommissioning and Reclamation Plan have been completed.

9. SURFACE USE, WASTE PREVENTION, DRILLING AND PRODUCTION OBLIGATIONS

9.1. Supervision. Uses of state lands within the jurisdiction and control of the Board are subject to the supervision of Lessor.

9.2. Distance from Residence. No well may be drilled within two hundred (200) feet of any house or barn on the Leased Premises, without the written consent of Lessor and its surface Lessees, grantees, or contract purchasers (if any).

9.3. No Waste or Nuisance. Lessee shall not use the Leased Premises in any manner that would constitute loss or waste; provided, that, Lessor acknowledges and accepts that Lessee's development and use of the Geothermal Resources will ultimately deplete the quantity and quality (including heat) of the Geothermal Resources, and that this long-term diminution is permitted under this Lease. Lessee shall not do anything which will create a nuisance or a danger to persons or property. "Waste" means the physical loss of Geothermal Resources, including:

9.3.1. Underground loss of Geothermal Resources resulting from intentionally inefficient, excessive or improper use;

9.3.2. Underground loss of Geothermal Resources resulting from the locating, spacing, constructing, equipping, operating, or producing of any well in a manner which results in the intentionally inefficient, excessive or improper use or dissipation of the quantity of geothermal energy to be recovered;

9.3.3. The inefficient above-ground locating, spacing, equipping, operating, or producing of any well, including injection well, in a manner causing unnecessary or excessive surface loss or destruction of geothermal energy; or

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9.4. Excavation and deposit. Lessee must not excavate or remove material from the Leased Premises, nor deposit material upon the Leased Premises other than as is necessary for the construction of Geothermal Facilities and Improvements. The natural characteristics of the Leased Premises, including the topographical, hydrological and natural drainage must be considered and preserved to the greatest extent possible. Only clean, non-contaminated, natural fill materials may be brought onto the Leased Premises.

9.5. Timber and Forest Management. Lessee will not interfere with the removal of timber purchased by a third party prior to or during the Lease term. In the event Lessor owns the surface estate over the Leased Premises, prior to Lessee cutting or removing timber for exploration or development of the Leased Premises, Lessor must be given written notice at least six (6) months in advance of the intended cutting or clearing operation. Lessee shall reimburse the surface owner for the value of any merchantable timber and pre-merchantable timber cut or cleared from Leased Premises, prior to any timber removal. The cutting or removal of timber growth, other than that expressly permitted and authorized by Lessor during Exploration Operations or Mining Operations, including development of access roads, drill pads, or construction of improvements and facilities is prohibited under the Lease. The value for any affected timber shall be established by Lessor using accepted fair market value appraisal techniques.

9.6. Water Rights. This Lease authorizes Lessee to utilize Lessor's Geothermal Resources. Lessee shall be entitled to use the water on the Leased Premises, if any, during the term of the Lease, but only for the uses allowed in the Lease and only in conformance with Idaho water law.

10. GEOTHERMAL FACILITIES AND IMPROVEMENTS

10.1. Title. Title to any Geothermal Facilities and Improvements constructed by Lessee will remain in Lessee during the term of this Lease. Upon termination, all Geothermal Facilities and Improvements must be removed by Lessee, and the Leased Premises restored pursuant to the approved Decommissioning and Reclamation Plan.

10.2. Use and Operation of Geothermal Facilities and Improvements. Use and operation of the Geothermal Facilities and Improvements must comply with the terms of this Lease and all applicable federal, state and local laws and rules, and safety standards.

10.3. Maintenance of Geothermal Facilities and Improvements. During the term of this Lease, Lessee must keep and maintain all Geothermal Facilities and Improvements and additions in good condition, and must make all necessary repairs, replacements and renewals. Lessor may obtain possession of and title to the Geothermal Facilities and Improvements upon termination of the Lease, which must be in good repair and condition, reasonable wear and tear excepted and insured casualty loss excepted. Lessee will not be required to restore, repair or replace any Geothermal Facilities or Improvements that are at or near the end of their useful life unless it is necessary to maintain the operations contemplated by the Development Plan. Any Geothermal Facilities and Improvements at or near the end of their useful life may be removed by Lessee in accordance with the Decommissioning and Reclamation Plan, which must include the decommissioning of any wellhead so that the well stops flowing or producing.

10.4. Repair and Replacement: Damaged Geothermal Facilities and Improvements.

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10.4.1. Continuation of Lease. No loss or damage by fire or any other cause resulting in partial or total destruction of the Leased Premises, or of any Geothermal Facilities or Improvements, or any fixtures, equipment or machinery used in connection with the Geothermal Facilities or Improvements thereon, may operate to terminate this Lease or to relieve Lessee from the payment of any accrued Rent or Royalties, or from the performance of any of the covenants to be performed by Lessee prior to such date.

10.4.2. Restoration. In the event of any damage by fire or any other cause resulting in the partial or total destruction of any Geothermal Facilities or Improvements located on the Leased Premises, or any fixtures, equipment or machinery used in connection with the Geothermal Facilities or Improvements, Lessee must promptly complete the restoration, replacement or rebuilding of the Geothermal Facilities and Improvements, fixtures, equipment or machinery, as nearly as possible to its value, condition and character immediately prior to such damage or destruction.

10.4.3. Application of Insurance Proceeds. Insurance proceeds on account of any damage or destruction of the Leased Premises must be applied first to restoration of the Geothermal Facilities and Improvements, and any fixtures, equipment or machinery associated therewith.

11. ENVIRONMENTAL, SAFETY, AND SANITARY REQUIREMENTS

11.1. Compliance with Environmental Laws. Lessee's use, activities, and operation upon the Leased Premises shall be conducted in accordance with all applicable state, federal, and local laws, rules, and regulations which may apply to any of Lessee's activities upon the Leased Premises, including, but not limited to, the following:

- I.C. § 47-6 and § 47-16;
- Idaho Geothermal Resources Act, I.C. § 42-40;
- Rules Governing Geothermal Leasing on Idaho State Lands, IDAPA 20.03.15.
- Drilling for Geothermal Resources Rules, IDAPA 37.03.04.000 et seq.;
- Well Construction Standards Rules, IDAPA 37.03.09.000 et seq.;
- Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901, et seq.;
- CERCLA, 42 U.S.C. § 9601, et seq.;
- Clean Air Act, 42 U.S.C. § 7401, et seq.;
- Federal Water Pollution Control Act, 33 U.S.C. § 1251, et seq.;
- Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136, et seq.;
- Toxic Substances Control Act, 15 U.S.C. § 2601, et seq.;
- Safe Drinking Water Act, 42 U.S.C. § 300f, et seq.; and
- Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.

11.2. Fire and Safety Regulations. Lessee shall comply with all applicable federal, state and local laws, rules, regulations and ordinances for fire protection, prevention and burning. Lessee agrees to keep the Leased Premises free from fire hazards as determined by Lessor. Lessee is prohibited from any burning on the Leased Premises, including, but not limited to, the burning of wood, weeds or other debris, but excepting campfires, if necessary, without Lessor's permission.

11.3. Hazardous Materials. Lessee must not cause any Hazardous Substance to be brought upon, used or generated by Lessee, its agents, employees, contractors, or subcontractors on the Leased Premises, unless the use or generation of the Hazardous Substance is necessary for the

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prudent generation, conversion or transmission of electrical energy generated; or during the Exploration Phase; or during the construction or maintenance of the Geothermal Facilities or Improvements; and only if no functional and reasonably economic nonhazardous substance or process can be reasonably used in place of the Hazardous Substance.

In the event that Lessee must utilize Hazardous Substances for the prudent generation, conversion or transmission of electrical energy generated on the Leased Premises, or the construction or maintenance of the Geothermal Facilities or Improvements, Lessee must provide a Hazardous Material Waste Management Plan ("**HMWMP**") prior to Development and Production Phase. The HMWMP must include the following information: a detailed map indicating planned location(s) of Hazardous Substances storage areas on the Leased Premises, location of spill containment and cleanup materials, location of drains in the storage areas and the destination of those drains, and location of fire suppression equipment. The HMWMP must include a detailed Spill Prevention Plan that includes information regarding the handling of Hazardous Substances and the procedures to be followed in the case of any spill.

All Hazardous Substances must be marked in accordance with National Institute for Occupational Safety and Health (NIOSH) standards, and storage facilities must be marked in accordance with National Fire Protection Association (NFPA) 704 Hazardous Material Information System approved markings.

11.4. Sanitary Requirements. Lessee shall keep the Leased Premises in a clean and sanitary condition, free of trash, garbage and litter, and in the same or better condition as when the Lease was issued. Lessee shall not dispose of sewage or trash except in conformity with applicable federal, state, and local laws, rules, regulations and ordinances.

12. PERFORMANCE SECURITY

12.1. Acceptable Types of Security. Acceptable types of security under this Lease include bonds, irrevocable standby letters of credit ("Letters of Credit"), or cash. All bonds and Letters of Credit must be in a form acceptable to Lessor and conditioned on Lessee's compliance with all laws and rules of the State, all provisions of this Lease, and any terms or conditions imposed by any State agency. All bonds must be issued by an Idaho qualified U.S. Bonding Corporation, and any Letters of Credit must be issued by an FDIC insured bank located in the State of Idaho or with an approved intermediary facilitating bank located in Idaho for purposes of presentation and payment on the Letters of Credit in Idaho. Any bond or Letters of Credit must be subject to Lessor's approval and must provide for notice to Lessor prior to any cancellation or lapse thereof.

12.2. Procurement and Maintenance of Security; Breach. Upon the failure of Lessee to procure and maintain any required bond or Letters of Credit during the term of this Lease, Lessor may terminate this Lease after Notice of Default and Lessee's failure to cure within the time set forth in the Notice of Default. Failure to provide notice of replacement or extension one hundred twenty (120) days prior to the expiration or termination will constitute a material breach of this Lease and will be grounds for Lessor to terminate this Lease or pursue any other remedy at law or equity. Presentation of any bond or Letters of Credit, or the demand and payment under any bond or Letters of Credit, will not limit Lessee's liability or obligations, or Lessor's rights and remedies. The form of any bond or Letters of Credit must be presented to Lessor for acceptance prior to issuance.

12.3. Exploration Security. Prior to the Exploration Phase, Lessee must furnish a performance bond in an amount determined by Lessor upon approval of the Exploration Plan. Said security

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must be in favor of Lessor to protect against loss due to Lessee's failure to reclaim areas disturbed by the Exploration activities. The period of liability of the security must not be terminated until the completion of Exploration activities and satisfactory reclamation of all affected areas; and upon the prior written notice certifying the satisfaction of such events, and the written consent to release such security, which consent will not be unreasonably withheld.

12.4. Development and Production Security. Prior to the commencement of Development and Production activities, Lessee must furnish good and sufficient performance bonds, Letters of Credit, or cash, all subject to approval by Lessor. Except to the extent that such contracts are with affiliates of Lessee, any such security must be in an amount prorated for that portion of the contracted construction activity to take place in or upon the Leased Premises and must be in the full contract amount required for all such construction activities of Geothermal Facilities and Improvements or other work to be performed on the Leased Premises. Said security must be in favor of Lessor to protect against any loss due to Lessee's failure to complete such construction in accordance with the Development Plan. Any security accepted must be made payable to Lessor upon demand or presentment for payment. The period of liability to maintain the security must not be terminated until: (a) the completion of construction of all Geothermal Facilities and Improvements to be constructed (b) upon the prior written notice by Lessee to Lessor certifying the satisfaction of such events.

12.5. Decommissioning and Reclamation Security. Upon approval of the Decommissioning and Reclamation Plan, Lessee must furnish a good and sufficient bond, Letters of Credit, or cash in the amount equal to Lessor's reasonable estimate of the cost of reclamation in accordance with the approved Decommissioning and Reclamation Plan. The period of liability of the security must not be terminated until all terms and conditions of the approved Decommissioning and Reclamation Plan have been completed, and the security is released in writing by the Director of IDL.

12.6. Statewide Bond. Alternatively, Lessee may furnish a good and sufficient "statewide" bond which will cover all Lessee's leases and operations carried on under all geothermal resource leases issued and outstanding to Lessee by the Board at any given time during the period when the "statewide" bond is in effect. The amount of such bond will be equal to the total of the requirements of the separate bonds being combined into a single bond.

13. ANNUAL OPERATIONS REPORT. Lessee must provide Lessor with a completed Annual Operations Report using the template included as Attachment E.

14. ASSIGNMENT AND SUBLEASE.

14.1. Written Approval Required. Lessee must obtain Lessor's prior written approval in order to effect an assignment, which shall not be unreasonably withheld. Lessee must provide Lessor with certain information about the proposed assignment, including identification of the proposed assignee and general terms of the proposed assignment on assignment application forms provided by IDL. Following Lessor's written preapproval, Lessee and assignee may consummate any such sale, transfer or assignment of Lessee's leasehold interest in the lease. The consummation of any assignment agreement by the Lessee without Lessor's prior written preapproval constitutes a default of the Lease, and such sale, transfer or assignment may be rejected in Lessor's sole discretion. In order for an assignment to be acceptable for approval, the consummated sale, transfer or assignment must include provisions wherein Lessee has sold, transferred or assigned to the assignee any and all interest that Lessee has in the lease together with any and all interest Lessee has in any and all improvements located upon the Leased

Premises, and assignee must assume all liabilities of Lessee under the Lease together with ownership of all improvements owned by Lessee. An assignment between Lessee and its assignee will only take effect following Lessor's final written approval of the assignment following receipt of copies of the final, consummated sale, transfer or assignment agreement between Lessee and assignee. Title to the Geothermal Facilities and Improvements shall remain in Lessee's name throughout the term of this Lease.

14.2. Full or Partial Assignment. A lease may be assigned as to all or part of the acreage included to any person or entity qualified to hold a state lease, provided that neither the assigned nor the retained part created by the assignment contains less than forty (40) acres. No undivided interest in a lease of less than ten percent (10%) may be created by assignment.

14.3. Conditions. No request for Lessor's approval of any assignment or release will be considered unless Lessee is in good standing under all other terms and conditions of the Lease. In order for an assignment of Lessee's interest in this Lease to be acceptable for approval by Lessor the following conditions must be shown:

14.3.1. The assignee's experience and ability to plan, develop, operate and decommission the Geothermal Facilities and other Improvements must be shown;

14.3.2. The assignee must be a person, as defined by law, qualified and eligible to hold a lease issued by the State;

14.3.3. The assignee must assume all covenants, obligations and liabilities of Lessee under this Lease;

14.3.4. Lessee and Lessee's surety must continue to be responsible for performance of any and all obligations under this Lease until Lessor, in writing, releases Lessee and Lessee's surety from obligations arising under the Lease;

14.3.5. Lessee must state whether Lessee intends to grant any overriding royalty in Lessee's application for lease assignment; and

14.3.6. The agreements effectuating Lessee's sale, transfer or assignment must include provisions wherein Lessee has sold, transferred or assigned to the assignee any and all interest Lessee has in this Lease together with any and all interest Lessee has in any and all Geothermal Facilities and Improvements owned by Lessee and located on the Leased Premises.

15. INSURANCE.

15.1. Required Insurance. For the duration of this Lease and until all activity is completed, Lessee must have and maintain, at Lessee's expense, the policies of insurance set forth below. Prior to entry onto the Leased Premises for any activity other than casual exploration or inspection, as permitted by law, and at least annually thereafter, Lessee must provide a certificate of insurance and copy of all policy endorsements showing compliance with all insurance, additional insured, and waiver of subrogation requirements. All policies required under this Article must be written as primary policies and not contributing to or in excess of any coverage Lessor may choose to maintain. Any insurance policy shall be purchased from an insurer licensed and authorized to transact business in the State of Idaho. All insurance shall be with insurers rated a- and AMB-1, or better, in the latest AM Bests Rating Guide.

15.2. Commercial General and Umbrella Liability Insurance. Prior to entry upon the Leased Premises for any reason other than casual, non-motorized exploration or inspection, as allowed by law, Lessee must secure, and provide Lessor a complete copy of, commercial general liability insurance on an occurrence coverage form. Lessee must maintain said insurance during the Lease Term and any Term Extension. The limits of liability must not be less than:

15.2.1. $1,000,000 per occurrence; and

15.2.2. $2,000,000 general aggregate; and

15.2.3. Must not contain exclusions for explosion, fire, blowout, oil spill, collapse, or underground property hazards six (6) months prior to any activity on or related to the Leased Premises requiring this insurance.

15.3. Workers' Compensation and Employers' Liability Insurance. Lessee must maintain workers' compensation insurance providing statutory limits and must include Employers' Liability at minimum limits of $1,000,000/$1,000,000/$1,000,000. Lessee must be responsible for workers' compensation insurance for contractors and subcontractors who directly or indirectly provide services under this Lease. This coverage must include statutory coverage for states in which employees are engaging in work. Lessee's workers' compensation coverage must include a waiver of subrogation in favor of the State, the Board, and IDL.

15.4. All policies must specify that no change or cancellation in coverage will become effective until after Lessor receives written notice of the change or cancellation. Should any of the polices described be changed, cancelled or terminated prior to the expiration date thereof, the insurer and Lessee must provide Lessor thirty (30) days' written notice prior to any cancellation or termination.

15.5. An insurer's or Lessee's failure to comply with the provisions under this Article must not affect coverages provided to Lessor, the State, the Board or IDL, their officers, agents or employees. Failure of Lessor to demand any certificate or endorsement or failure of Lessor to identify a deficiency from any materials that it is provided will not be construed as a waiver of Lessee's obligation to maintain such insurance. If Lessee's insurance policies do not contain the standard ISO separation of insured provision, or a substantially similar clause, they must be endorsed to provide cross-liability coverage.

15.6. Waiver of Subrogation. Lessee hereby grants to Lessor a waiver of any right to subrogation which any insurer of Lessee or its contractors or subcontractor may acquire against Lessor, including the State, the Board, and IDL by virtue of the payment of any loss under any such insurance. Lessee agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not Lessee has received a waiver of subrogation endorsement from the insurer.

15.7. Special Risks or Circumstances. Lessor reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

16. INDEMNIFICATION.

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16.1. Lessee shall indemnify, defend, and save harmless Lessor, the State of Idaho, its officers, agents, employees, and volunteers from and against any and all liability, claims, damages, losses, expenses, actions, settlements, attorney fees, and suits whatsoever caused by, arising out of, or in connection with Lessee's acts or omissions under this Lease or Lessee's failure to comply with any applicable state, local or federal statute, law, rule, regulation or ordinance.

16.2. Upon the receipt by Lessee of Lessor's or the State of Idaho's tender of indemnity and defense, Lessee shall immediately take all reasonable actions necessary, including, but not limited to, providing a legal defense for Lessor and the State of Idaho, and to begin fulfilling its obligation to indemnify, defend, and save harmless Lessor and the State of Idaho. Lessee's indemnification and defense liabilities described herein shall apply regardless of any allegations that a claim or suit is attributable in whole or in part to any act or omission of Lessor or the State of Idaho under this Lease. However, if it is determined by a final judgment that Lessor or the State of Idaho's negligent act or omission is the primary cause of a suit or claim, neither Lessor nor the State of Idaho shall be entitled to indemnification from Lessee with respect to such suit or claim, and Lessor and the State of Idaho in its discretion, may reimburse Lessee for reasonable defense costs attributable to the defense provided.

16.3. Any legal defense provided by Lessee to Lessor and the State of Idaho under this Section must be free of any conflict of interest, even if retention of separate legal counsel for Lessee, and Lessor and the State of Idaho, is necessary.

17. LEASEHOLD MORTGAGES

17.1. Lessee's Right to Mortgage. Upon Lessor's prior written consent, which consent will not be unreasonably conditioned, withheld or delayed, with Lessor using best efforts to respond to such consent request review within ten (10) business days, and Provided Lessee is not then in default under the Lease, Lessee may encumber or hypothecate its interest in the leasehold estate created by this Lease by one or more mortgage, deed of trust, collateral assignment, or security agreement in this Lease or the Facilities to a Lender, as defined below, or related to an approved assignment of Lessee's interest in this Lease together with an assignment of Lessee's interest in any Facilities (individually and collectively "Leasehold Mortgage" or "Mortgage"), and in connection with any secured or unsecured financing or tax equity investment with any financial institution, person, or other entity that, from time to time, provides secured financing or tax equity for, or otherwise encumbers all, or part, of Lessee's interest in this Lease or the Facilities with any security or collateral agent, indenture trustee, loan trustee or participating or syndicated lender involved in whole or in part in such financing, and their respective representatives, successors, or assigns (individually and collectively "Lender" or "Mortgagee").

17.1.1. No lender will have any rights or obligations under this Lease until such time as it acquires Lessee's interests subject to the lien of Lender's mortgage by foreclosure, deed in lieu of foreclosure, or otherwise assumes the obligations of Lessee directly, as allowed under this Lease.

17.1.2. No Mortgage shall be valid or enforceable until written notice of the same is provided.

17.1.3. Lease Terms. Any Leasehold Mortgage and all rights acquired thereunder shall be subject and subordinate to all rights and interests of Lessor under this Lease, and any Mortgages shall be subject to each and all of the covenants, conditions, and

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restrictions stated in this Lease. The length of any Leasehold Mortgage shall not exceed the Lease Term of this Lease. The encumbrance of this Lease through any Mortgage shall terminate if this Lease is terminated for any reason provided for in this Lease.

17.1.4. Notice to Lessor. Regardless of any other form of notice, actual or constructive, no Mortgagee of a Leasehold Mortgage on this Lease shall have the rights or benefits set forth in this section, nor shall any of the provisions of this section be binding upon Lessor, unless and until a complete and correct copy of the fully executed note, or other tax equity or lending agreement, and any assignment thereof, shall have been delivered to Lessor. Lessee shall promptly provide Lessor with a copy of any amendment, other modification, or supplement to such documents. In the event of a default on the Mortgage by Lessee, either or both Mortgagee and Lessee shall mail a copy of all related default notices to Lessor.

17.1.5. No Attachment to Fee Interest. Every Mortgage shall contain a statement which disclaims any interest or lien against Lessor's fee interest in the Leased Premises and provides that Lessor shall have no liability whatsoever in connection with any such Mortgage, or the instruments or obligations secured thereby.

17.1.6. Modification. Lessor and Lessee agree that, once all or any part of Lessee's interests in the Lease are mortgaged or assigned to a Lender, they will not modify this Lease without prior written consent of the Lender as set forth in this Lease. The Lender's consent will not be unreasonably conditioned, withheld or delayed, with the Lender using best efforts to respond to such consent request review within ten (10) business days.

17.1.7. Mortgagee Assignment. Any such Mortgage shall provide that, in the event of any assignment of the Mortgage, or in the event of a change of address of the interested party named in the Mortgage, notice of the new name and address shall be provided in writing to Lessor.

17.2. Mortgage Protection. If any Mortgage is entered into by Lessee, then any Mortgagee will, for so long as its Mortgage is in existence and until the lien thereof has been extinguished, be entitled to the protections set forth in this section. Lessee will send written notice to Lessor of the name and address of any such Mortgagee or include such name and address in an estoppel certificate to be executed by Lessor. Failure of Lessee to give notice of any such Mortgagee will not invalidate such Mortgage.

17.3. Mortgagee's Right to Possession; Right to Acquire, and Right to Assign. A Mortgagee will have the right, subject to timely payment of all Rents due pursuant to this Leaseto: (a) to assign its security interest; (b) to enforce its lien and acquire title to the leasehold estate by any lawful means; (c) to take possession of and operate Facilities or any portion thereof and to perform all obligations to be performed by Lessee hereunder, or to cause a receiver to be appointed to do so; and (d) to acquire the leasehold estate by foreclosure or by an assignment in lieu of foreclosure and thereafter to assign or transfer the leasehold estate to a third party. As applicable, Lessor's prior written consent will be required for the acquisition of the encumbered leasehold estate by a third party who is authorized to contract with the State of Idaho and acquires the same by foreclosure or assignment in lieu of foreclosure.

17.4. Notice of Default, Opportunity to Cure. Lessor will contemporaneously deliver a copy of any Notice of Default to each Mortgagee for which Lessor has received advanced written notice

of such Mortgagee's interest, concurrently with delivery of such Notice of Default to Lessee. Failure of Lessor to give any such notice to each Mortgagee will not invalidate the Notice of Default as to Lessee, but the periods set forth in Section 17.4.2, below, will not begin to run until such notice is provided to such Mortgagee. Any best effort by Lessor to provide such notice shall not minimize or replace any separate obligation of Lessee to provide any Mortgagee with any notice including a Notice of Default issued by Lessor.

17.4.1. Mortgagee Composition. To the extent that a Mortgagee may consist of more than one person or entities, notice from Lessor to anyone will be deemed notice to all constituting the Mortgagee. If there are multiple people or entities constituting said Mortgagee, then Mortgagee may identify which one person or entity shall be provided any and all notices from Lessor for all constituting the Mortgagee.

17.4.2. Default Period. The Mortgagee will have the same period after receipt of the Notice of Default to remedy the default, or cause the same to be remedied, as is given to Lessee. In an event of default other than non-payment of Rents, and upon written notice of its election to cure, the Mortgagee will have an additional ninety (90) days to cure the default. If Lessee or the Mortgagee has, within the applicable cure period, diligently and in good faith worked to correct the default, then Lessor shall extend the cure period for a length of time that Lessor believes to be reasonably necessary to complete the cure.

17.4.2.1. If the Mortgagee elects to substitute itself for Lessee and perform duties of the Lessee under this Lease for purposes of curing such defaults, Mortgagee must advise Lessor, in writing, of its election.

17.4.2.2. Lessor hereby consents to such substitution, agrees to accept such performance, and authorizes the Mortgagee (or its employees, agents, representatives, or contractors) to enter upon the Leased Premises to complete such performance with all the rights, privileges, and obligations of the Lessee, including identification of subcontractors and key employees. Lessor will not exercise its rights to terminate this Lease prior to the expiration of the applicable cure period or extension of a cure period.

17.4.3. Payment of Rents. Prior to any period of possession of the Leased Premises, the Mortgagee shall remit to Lessor all Rents due and owing. During any period of possession of the Leased Premises, and its corresponding rights, privileges and obligations, by a Mortgagee (or a receiver requested by such Mortgagee) and during the pendency of any foreclosure proceedings instituted by a Mortgagee, the Mortgagee shall pay or cause to be paid to Lessor all Rents including Royalty payments and all other monetary charges payable by Lessee under this Lease that have accrued and are unpaid at the beginning of said period and those accruing thereafter during said period. Following acquisition of Lessee's leasehold estate by the Mortgagee, or its assignee or designee as a result of either foreclosure or acceptance of an assignment in lieu of foreclosure, or by a purchaser at a foreclosure sale who is qualified to contract with the State of Idaho and perform under this Lease, this Lease will continue in full force and effect and the Mortgagee or party acquiring title to Lessee's leasehold estate will, as promptly as reasonably possible, commence the cure of all remaining defaults reasonably susceptible of being cured by the Mortgagee or party acquiring title hereunder, and thereafter will diligently process

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such cure to completion, whereupon such Events of Default will be deemed cured upon review and approval by Lessor.

17.4.4. Performance of Obligations. A Mortgagee who acquires Lessee's leasehold interest pursuant to foreclosure or assignment in lieu of foreclosure will be liable to perform the obligations of Lessee as established by this Lease so long as such Mortgagee has control or ownership of the leasehold estate, or control or possession of the Leased Premises.

17.4.5. Exception to Event of Default by Lessee's Bankruptcy or Insolvency. Neither the bankruptcy nor the insolvency of Lessee will be grounds for terminating this Lease as long as all obligations of Lessee under this Lease are performed by the Mortgagee.

17.4.6. Default Cured. Subject to the provisions of this Lease that survive its termination, nothing in this section will be construed to extend this Lease beyond the Lease Term or to require a Mortgagee to continue foreclosure proceedings after every Event of Default has been cured. If every Event of Default is cured and the Mortgagee discontinues foreclosure proceedings, then this Lease will continue in full force and effect.

17.5. Refinancing. Lessee may refinance a Mortgage periodically provided that all of the following conditions are met:

17.5.1. The holder or Mortgagee of the new mortgage must be an institutional lender such as a bank, trust company, savings and loan association, insurance company, title insurance company, or other commercial business authorized and licensed to make mortgage loans in Idaho and in the county in which the Leased Premises are located;

17.5.2. The new Mortgage given for refinancing shall comply with all provisions of this Lease;

17.5.3. If the new Mortgage complies with the above-conditions, Lessee may execute, acknowledge, and deliver the new mortgage as a permitted Mortgage for the purpose of subjecting Lessee's respective interests in the Facilities and other Improvements to the lien thereof, and the new mortgage shall cover and be a lien on the Facilities or other Improvements, subject to the terms and conditions of this Lease.

17.6. Mortgagee's Consent to Amendment, Termination, or Surrender. Notwithstanding any provision of this Lease to the contrary, so long as there exists an unpaid Mortgage that Lessor has written notice of, Lessor will not accept a voluntary surrender of the Leased Premises or any part thereof or a voluntary termination, or a voluntary release of this Lease from Lessee prior to expiration of the Lease Term without the prior written consent of the Mortgagee. This provision is for the express benefit of and will be enforceable by such Mortgagee.

17.7. No Waiver. No payment made to Lessor by a Mortgagee will constitute an agreement that such payment was, in fact, due under this Lease, and a Mortgagee, having made any payment to Lessor pursuant to Lessor's incorrect or mistaken notice or demand will be entitled to the return of any such payment, as required by Idaho law.

17.8. Estoppel Certificates. Upon at least twenty (20) calendar days' prior written notice from the other Party, the responding Party shall execute, acknowledge, and deliver to the requesting Party, or any third party specified, a statement certifying that this Lease is unmodified, and in full

force and effect, or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications; the dates to which the Rents payable under this Lease have been paid; and stating whether or not, to the best knowledge of and based upon current information available to the signer of the certificate, the requesting Party is in default in the performance of any covenant, agreement, or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge, and further certifying as to such other matters relating to this Lease as may be reasonably requested. It being the Parties' intent that any such statement delivered pursuant to this section may be reasonably relied on by any prospective purchaser or assignee of either Party's interest in the Leased Premises, or by either Party; provided however, that any such notices between the Parties shall not be deemed a waiver of any actual default or breach of any provision of this Lease.

18. PAYMENT OF TAXES AND ASSESSMENTS. Lessee must timely pay all taxes and assessments of any kind assessed or levied against Lessee's interests or operations.

19. LIENS AND ENCUMBRANCES. Except for Lessor approved Leasehold Mortgages, Lessee shall not cause, permit or suffer any lien or encumbrance to be placed on or against the Leased Premises, Lessor's fee interest, or Lessee's leasehold interest, or on or against any of the Geothermal Resources, Geothermal Facilities or Improvements unless approved in writing. Lessee must ensure that full payment is made for all labor performed and for any materials joined or affixed to the Leased Premises or improvements.

20. NO WARRANTY. Lessee acknowledges that no representation or warranty with respect to the Leased Premises or concerning the suitability of the Leased Premises for the uses intended by Lessee have been made by Lessor or any agent of Lessor. Lessee acknowledges that it has accepted the Leased Premises in an "AS IS CONDITION," accepting any and all known or unknown conditions therein. Lessor disclaims any and all warranties of merchantability, suitability, or fitness for a particular purpose and any other warranty not expressly set forth in this Lease.

21. GOVERNING LAW AND FORUM. This Lease is governed by and must be construed under the laws of the State of Idaho. The Parties expressly consent to the jurisdiction of the state courts of Ada County in the State of Idaho in the event any action is brought to enforce this Lease**.**

22. ATTORNEY FEES AND COSTS. In the event either party initiates a legal proceeding under the Lease, the prevailing party in that proceeding shall be entitled to such additional sums as the court may award for reasonable attorney fees and costs (including appraisal fees and expert fees) incurred in such proceeding, and on appeal.

23. FORCE MAJEURE. If Lessor or Lessee is delayed, hindered, or prevented from performing any act required hereunder by reason of any act of God; strike; lockout; labor trouble; inability to procure materials; failure of power; supply chain issues, unavailability of labor or materials, restrictive government laws or regulations enacted after the Effective Date, which preclude activities that are the subject of the Lease; riot; insurrection; war; escalation of hostilities; or other reason beyond the Party's control making performance impossible, then performance of that act, and that act only, shall be excused for the reasonable period of the delay upon proper and satisfactory proof presented to Lessor. Lessor must be notified within fifteen (15) days of any force majeure event. In that event, the period for the performance of the act shall be extended for a reasonable period equivalent to the period of the delay. Lessee shall work diligently to eliminate the delay and immediately notify Lessor when the reason for the force majeure has ceased. Neither Lessee's financial condition nor the failure of any of Lessee's contractors or

subcontractors or any other party with whom Lessee contracts shall be an event of force majeure excusing the performance of any act.

24. RELATIONSHIP OF THE PARTIES. Nothing contained in the Lease shall be construed as creating any relationship between the Parties other than that of landlord and tenant; and nothing contained in the Lease shall be construed to create any other relationship between the Parties, including any relationship of principal-agent, master-servant, employer-employee, partnership or joint venture.

25. BINDING ON HEIRS AND SUCCESSORS. The Lease shall inure to the benefit of and be binding upon the heirs, executors, successors, sublessees, and assigns of the parties in accordance with the terms hereof.

26. NO WAIVER. No waiver by Lessor of a breach of any term, condition, covenant, duty, liability or obligation in this Lease will be construed to be a waiver of any succeeding breach of the same. No delay or failure by Lessor to exercise any right under this Lease, and no partial or single exercise of any such right, will constitute a waiver of that or any other right.

27. MODIFICATION. This Lease may not be modified without the written consent of both Parties. No release, discharge, change or waiver of any obligation owed by Lessee will be of any force, effect, or value unless memorialized, in writing, by Lessor. Unit or cooperative plans of development or operation agreements or amendments of such agreements, as governed by IDAPA 20.03.15.085, will be evaluated and treated as written modifications of this Lease.

28. ENTIRE AGREEMENT. This Lease contains the entire agreement between the Parties related to the subject matter of this agreement. Each Party's execution of this Lease is voluntary and has not been induced by any other Party, or by any representation, promise, or understanding not stated herein.

29. NOTICES. All notices between the Parties must be given by hand delivery; registered or certified mail, deposited in the United States mail with postage prepaid; or by a nationally-recognized overnight courier service. Unless changed by notice in writing, any notice, demand, and communication under the Lease shall be addressed to Lessor at:

Idaho Department of Lands
c/o Geothermal Leasing
300 North 6th Street, Suite 103
P.O. Box 83720
Boise, Idaho 83720-0050
Email: MineralLeasing@idl.idaho.gov

and to Lessee at the address set forth at the beginning of the Lease. Any notice or correspondence mailed to Lessee at the last identified address shall be deemed effective delivery. It is Lessee's duty to notify Lessor, in writing, of any change in mailing address.

30. JOINT LIABILITY. If Lessee consists of more than one person, as defined by law, all such persons are jointly and severally liable for each term, condition, covenant, duty and obligation of this Lease.

31. SEVERABILITY. In the event any provision of this Lease shall be held invalid or unenforceable according to law, for any reason whatsoever, then the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired

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32. PARAGRAPH HEADINGS. All headings in this Lease are for convenience only and do not affect the meaning of any provision in this Lease.

33. SURVIVAL. Any provision of this Lease that expressly or by implication comes into or remains in force following the termination of this Lease will survive the termination of this Lease. Notwithstanding anything to the contrary in this Lease, any indemnification obligation provided for under this Lease will survive the termination of this Lease.

34. PUBLIC RECORDS. Pursuant to I.C. § 74-101 et seq., information or documents received from Lessee may be open to public inspection and copying unless specifically exempt from disclosure. Lessee must clearly designate individual documents as "exempt" on each page of such documents and must indicate the basis for such exemption. Lessor will not accept the marking of an entire document as exempt. In addition, Lessor will not accept a legend or statement on one (1) page that all, or substantially all, of the document is exempt from disclosure. Lessee will indemnify and defend Lessor against all liability, claims, damages, losses, expenses, actions, reasonable third-party attorney fees and suits whatsoever for honoring any designation by Lessee, or for Lessee's failure to designate individual documents as exempt. Lessee's failure to designate as exempt any document or portion of a document that is released by Lessor will constitute a complete waiver of any and all claims for damages caused by any such release.

35. PROMOTION. Except as allowed by prior written approval of Lessor, neither Lessee nor its successors or assigns will use the name of Lessor, or the fact that Lessee's operations are conducted in whole or in part on state-owned lands in any advertisement or prospectus promoting any investment in this Lease or any operations related thereto, or the sale of stock or any other ownership interest in Lessee or any Affiliated Party. The inclusion of this Lease as an asset of Lessee in Lessee's accounting and financial records and statements will not be a breach of this provision of this Lease.

36. MEMORANDUM OF LEASE. Concurrently with execution of this Lease, Lessor and Lessee shall execute and deliver a memorandum of this Lease (the "**Memorandum**") in the form attached hereto as Attachment "F" and incorporated herein by this reference, which Memorandum Lessee shall be entitled to record in the Official Records of the county in which the Leased Premises are situated.

THE UNDERSIGNED HAVE READ THIS LEASE AND UNDERSTAND AND AGREE TO ITS TERMS.

[The remainder of this page is intentionally left blank.]

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IN WITNESS WHEREOF, the Parties hereto have caused this Geothermal Resource Lease to be duly executed the day and year of the last signature hereto.

LESSEE:

[Insert Correct Signature Block]

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ATTACHMENT A

SPECIAL TERMS AND CONDITIONS

1. If any excavation occurs, the operator must comply with the provisions of the Underground Facilities Damage Prevention Law (I.C. §§ 55-2201 through 2212). The one-call locator service number is 1-800-342-1585.

2. Lessee will adhere to current and imposed fire restrictions. All vehicles and motorized equipment must be equipped with a functional spark arrestor and baffled muffler. Fire suppression tools, including a bucket, shovel, and fire extinguisher must be stored and easily accessible in all vehicles and motorized equipment on the Leased Premises.

3. Lessee shall maintain as much vegetative cover as possible and shall not disturb the ground surface or remove vegetation from any area in excess of that necessary for lease activities.

4. Attachment F of the Lease identifies the leases and other authorizations previously granted on the Leased Premises by Lessor. Lessee's Development Plan and Decommissioning and Reclamation Plan must include provisions to avoid these authorized uses or allow their continued function, with modifications, only after prior written approval by Lessor.

5. Cooperation with Lessor's Grazing Leases. In exercising its rights hereunder, Lessee shall use reasonable efforts to avoid interfering with Lessor's grazing lease operations on the Leased Premises. Such efforts shall include, but not be limited to the following:

    a. Location of roads.

    b. Control of dust conditions on the roads which are causing damage to livestock forage whether such roads are on or off the leased lands but within the grazing area of use.

    c. Fencing of areas which create a hazard for livestock use together with the gates and cattle guards as may be requested by Lessors.

    d. Placement of culverts at road crossings and water courses and drainage to ensure natural stream flow and drainage.

    e. Reimbursement to Lessor's grazing lessees for the full market value for all livestock killed or injured by activities of the Lessee.

    f. Placement of accessible livestock waters comparable to those now used in the event existing stock water sources are damaged or inaccessible to livestock and such use adversely effects the customary grazing of livestock in the area.

    g. Remediation of any noxious weeds introduced by its activities on the Leased Premises.

6. Precaution and protection are necessary to avert possible fire hazards associated with driving and parking vehicles through and on tall grass or other vegetation. In situations where avoidance of these situations cannot be avoided, then parking on tall grass can only occur by first placing a heavy tarp onto tall grass and then parking vehicle on the tarp or using similar methods.

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7. If existing rock barriers, cattle guard, and/or livestock fencing located within the Leased Premises or on/near the boundary of the Leased Premises are damaged or require temporary removal during Lease Term and/or reclamation operations, Lessee will replace/repair those structures at the Lessee's cost. If Lessee anticipates a need to move/change current fencing or barriers, locations and approximate timelines for their removal/replacement will be included in the Development Plan and the Decommissioning and Reclamation Plan and updated with Lessor as necessary. Repair of any damage to culverts, fences, cattle guards, gates and other improvements will be made immediately. Repairs shall be made to the previous conditions as determined by the Lessor (Resource Specialist in Charge) or the Lessor will hire the work done at Lessee's expense.

8. Livestock management fences and other range improvements may be currently, or in the future, located on Leased Premises. Lessee shall immediately repair any damage caused to any fences, cattleguards or gates and ensure the gates remain closed.

9. Construction of livestock exclusion fencing at Lessee's expense may be necessary around all or part of the operation and construction staging area depending on timing and duration of the operations. If lessee anticipates a need to construct a new fence, location and approximate timelines for fence construction will be included in the Development Plan and the Decommissioning and Reclamation Plan and updated with Lessor as necessary.

10. If archeologically significant discoveries are made during any site disturbance, Lessee will commission a professional archaeologist to conduct a cultural resources survey on the property. The results of the survey will be shared with the Idaho State Historical Society ("ISHS"). The Development Plan and the Decommissioning and Reclamation Plan must reflect any findings and recommendations made by the archaeologist and/or ISHS as a result of the cultural resources survey. Lessee will be responsible for all costs related to the cultural resources survey.

11. Lessee will ensure any amendments to the Development Plan are also reflected by amending the approved Decommissioning and Reclamation Plan.

12. Lessee will maintain road maintenance and erosion control as per the following conditions:

    a. Erosion control measures shall be installed as operations progress.
    b. Cross-ditches installed in roads and trails shall slope diagonally out and down grade at an adequate angle to divert water from the road or trail. Each ditch shall be cut into the roadbed, tied to the cut bank, clopped to the shoulder, open at the lower end, and capable of diverting water flow completely off the road or trail at that point.
    c. Rolling dip or cross-ditch spacing shall be approximately as follows: 0-4%, 150 feet: 5-10%, 150 feet, 11% and greater, 50 feet; or as designated by Lessor (Resource Specialist in Charge). The cross-ditching and road maintenance shall be done in a satisfactory manner, or the Lessor will hire it done at Lessee's expense.
    d. Trails or native surface spur roads with minimal use will be cross-ditched at the time of construction, reconstruction, or opening, and will be left cross-ditched.
    e. Roads with moderate or frequent use shall be out sloped and dipped except where inside ditches exist or will be constructed.
    f. Rolling cross dip drainage structures will be built and or maintained to the design on file at the Idaho Department of Lands, Payette Lakes Area office.
    g. The Lessee shall be responsible for maintaining any and all gate closures accessing the area. The Lessee will be responsible for any and all damage caused by said gates being

left open by the Lessee or the Lessee's employees, contractors, subcontractors, agents or guests.

h. Access roads shall be maintained to acceptable standards as determined by the Lessor (Resource Specialist in Charge).
i. Maintenance work shall include keeping the road surface graded, the berm on the outside edge as per MSHA standards, the inside ditches open, culverts and culvert catch basins clean, rolling dips and sediment traps maintained, and dust abatement as needed. Side casting of surface material shall be minimized by spreading the material on the road surface. Damaged culverts will be repaired or replaced at Lessee's expense. All culvert installation on access roads will comply with IDAPA 37.03.07 - Stream Channel Alteration Rules.
j. Riprapping shall be competed at the time of culvert installation wherever there is a potential for erosion.
k. Roads will be brought up to final grade near stream crossing at the time of culvert installation as designated by Lessor (Resource Specialist in Charge).

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ATTACHMENT B

LEGAL DESCRIPTION OF LEASED PREMISES

The following described parcels located in Section 2, Township 61 North, Range 4 West, Boise Meridian, in Bonner County, Idaho:

That portion of the *GET full legal description from Renee Bettis/GIS*.

Contains ### acres, more or less.

OR

The entire Section 36, Township 12 North, Range 4 West, Boise Meridian, in Washington County, Idaho.

Contains #### acres, more or less.

The following tables are for Idaho Department of Lands' internal purposes only and are not intended to be part of the legal description:

Instrument Number	Township	Range	Section	Legal Description	County	Endowment	Acres

Geothermal Owner	Surface Owner	Sage Grouse IMHA	Sage Grouse PMHA

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ATTACHMENT C

SITE MAPS

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ATTACHMENT D

MONTHLY GEOTHERMAL LEASE PRODUCTION AND ROYALTY REPORT

GENERAL INFORMATION:

Reporting Lease Year: This time period will be January 1 to December 31 of each year.

Timing of reporting and payments: The deadline for submittal of the Monthly Geothermal Lease Production and Royalty Reports and associated royalty payments is subject to the terms and conditions of the Lease.

Methods for submitting reports and payments: Mail or deliver completed and signed Monthly Geothermal Lease Production and Royalty Reports to the corresponding IDL Area office. Royalty payments paid by check (made payable to the "State of Idaho") should be mailed or delivered to the same IDL Area office. Royalty payments may also be made by credit card online at www.idl.idaho.gov.

Late payments: Payments received after the due date will be subject to late fees and interest as defined in the Lease.

Obligations: Please note that completion of this form is mandatory under the terms of the Lease and failure to meet this requirement is cause for default and possible termination of the Lease. Submitted Monthly Geothermal Lease Production and Royalty Reports will be subject to verification through examination of the Lessee's records at IDL's discretion.

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ATTACHMENT D

MONTHLY GEOTHERMAL LEASE PRODUCTION AND ROYALTY REPORT

REVISED REPORT BEING DEVELOPED

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ATTACHMENT E

ANNUAL OPERATIONS REPORT

REPORTING LEASE YEAR: January 1, 20_____ to December 31, 20_____

Lease Number: HXXXXXX

Lessee: XXXX

Filer's Name and Position: _____

Lessee's Mailing Address: _____

City, State, Zip Code: _____

Telephone No.: _____

Filer's Email Address: _____

1. **Geothermal resources produced during reporting year**: _____
   Expected production for next reporting year: _____

2. **Stage(s) of operations during this reporting year included:**
   ☐ Exploration ☐ Development ☐ Production ☐ Reclamation
   Changes for next reporting year: _____

3. **Total production and royalty paid for this reporting year (attach supporting documents):**
   _____
   Estimated production and royalty payments for next reporting year: _____

4. **Describe any improvements constructed or development work completed during this reporting year:**_____
   _____
   Describe any planned construction, demolition, or removal for the next year: _____
   _____
   _____

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5. **Was water used during the Reporting Lease Year?** ☐ **Yes** ☐ **No**

   Describe the water source(s): _____

   Changes in water use or source for the next year: _____

6. **Describe the planned operations and development activities for the next year:**

   _____

   _____

The Annual Operations Report must be submitted by Lessee on or before **January 31st** following each Reporting Lease Year to the following address:

Idaho Department of Lands
Payette Lakes Area Office
555 Deinhard Lane
McCall, ID 83638

By signing below: "I declare under penalty of perjury pursuant to the law of the State of Idaho that the information submitted is true, correct, and complete."

_____ _____
Date Signature of Lessee or Authorized Representative

_____
Print Name and Position

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FOR IDL STAFF ONLY **REVIEWED/APPROVED**_____ **DATE** _____

ATTACHMENT F

EXISTING CONDITIONS

The following Lessor-authorized instrument(s) affecting all or any portion of the Leased Premises, include but are not limited to, the following:

Delete if none

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ATTACHMENT G

SAGE GROUSE CONSERVATION MEASURES

In accordance with Executive Order No. 2015-04 and the Idaho State Board of Land Commissioners Greater Sage-Grouse Conservation Plan (LB SG Plan), the following conservation measures (CMs) will apply to all lands within this Lease which are within sage-grouse Priority Habitat Management Areas (PHMAs) or Important Habitat Management Areas (IHMAs) as identified in the LB SG Plan, as amended from time to time. In the event of a conflict between the location of the PHMAs and IHMAs identified in the LB SG Plan and Attachment C hereto, the LB SG Plan shall control. The most recent version of the LB SG Plan can be found at Idaho Department of Lands (IDL) website.

For proposed activities by third parties on state endowment trust lands in PHMA and IHMA, IDL will implement CMs as enforceable stipulations in authorizing documents such as leases. With the high diversity of terrain and vegetation types within the sage-grouse region of Idaho, it is difficult to design a "one size fits all" set of CMs. Science and technology also change over time and new options or alternatives may be proposed as part of a site-specific management plan. Site-specific management plans submitted by applicants or lessees should provide equal or better results than the CMs described below. IDL and lessee agree to cooperate in the development of site-specific management plans, including but not limited to vegetative fuels control, range improvement construction, and sage-grouse conservation projects. Site-specific management plans will be reviewed and approved by the appropriate IDL staff. When anticipated results are uncertain, IDL will confer with the Idaho Department of Fish and Game (IDFG) prior to approving any site-specific management plan.

1. Improvement, Construction, and Conservation Projects

Consistent with this Lease, all improvement and construction projects will require written authorization from IDL prior to installation. Project proposals must be submitted to IDL for consideration and may be subject to a habitat analysis by the IDFG. Upon written authorization by IDL, project installation and construction will require full compliance with conservation measures identified in the LB SG Plan.

Existing Improvements: If improvements in existence at the time this Lease is executed are identified by IDL, IDFG, or the Lessee within PHMAs and IHMAs that are not in compliance with the LB SG Plan, IDL will assess the impact of the improvements on a case-by-case basis. When needed IDL will consult with IDFG to determine what, if any, mitigation is necessary based on the specific circumstances of the site.

Conservation Projects within PHMAs: Because PHMAs include characteristics such as existing high-quality sagebrush habitat; highest sage-grouse breeding densities; have been identified as essential to conservation and persistence of the species; and are of importance to the conservation of the species range-wide, these lands will be prioritized by IDL for management and conservation actions. Such actions could include, but are not limited to, a review and subsequent amendment of the existing management plan that is part of this Lease; analysis and mitigation of existing improvements; and priority consideration for conservation projects that provide landscape-level enhancements to habitat.

2. Fuels Management

IDL and Lessee agree to communicate and work together to develop written fuels management plans, implement fuels reduction projects, and use sound treatment(s) to reduce vegetative fire fuels, reduce annual grass densities, and to enhance and protect PHMAs and IHMAs, when appropriate.

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3. Invasive Plant Species

Vehicles and equipment operated by Lessees that will travel off approved/designated transportation routes will be inspected and cleaned of seeds and propagules by Lessee or Lessee-directed personnel to prevent the spread of invasive and noxious plant species.

Lessee and Lessee-directed personnel will inventory and monitor invasive and noxious plant species throughout the term of the Lease and report such activities to IDL.

Reclamation activities conducted by or directed by Lessee will include the use of certified weed-free seed mixes approved by IDL. All materials used for reclamation (mulch, straw, etc.) will be certified weed free by the appropriate federal or State of Idaho agency.

Lessee will use best management practices and appropriate treatments including chemical, mechanical and biological to treat invasive and state listed noxious plant species, in accordance with this Lease.

4. Geothermal Leases

Surface Use and Timing:

No surface occupancy is allowed within 1 km (0.62 mi.) of an occupied lek within PHMAs and IHMAs.

Lessee will use construction methods that will minimize surface disturbance. This could include utility placement through borings instead of trenches.

Lessee will place infrastructure in already-disturbed locations, as feasible, where habitat has not been established. Surface disturbances will be clustered by Lessee in order to limit surface occupancy.

Lessee will use maps, lek routes, and other relevant local information to identify leks and avoid project activities or related activities near active leks (within 1 km/.62 miles) so as not to disturb displaying birds. Dates of concern are from March 15 through May 1 in lower elevation habitats and March 25 through May 15 in higher elevation habitats.

Unless approved by IDL, major construction and maintenance activities by Lessee shall be avoided in sage-grouse winter range (winter concentration areas) from December 1 to February 15.

Lessee will limit noise levels from discretionary activities within PHMAs and IHMAs to not more than 10 decibels above ambient sound levels (typically 20-24 dBA) at occupied leks from two hours before sunset to two hours after sunrise during breeding season. Ambient noise levels shall be determined by measurements taken at the perimeter of an occupied lek at sunrise.

Placement of fences and other structures

All fencing and other infrastructure placement and construction and any movement of existing fencing or other infrastructure within PHMAs and IHMAs requires IDL written approval and may be subject to IDFG analysis prior to such written approval.

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Lessee shall use USDA-NRCS Fence Collision Risk Tool data, as amended from time to time and local knowledge to determine low, medium, or high risk levels around occupied leks. Lessee shall flag new and existing wire fence segments in high risk areas, at a minimum, with collision diverter markers as defined by USDA-NRCS design practice specifications. Examples of high risk areas include fencing with characteristics such as evidence of grouse fence strikes, gentle topography near a lek or fences that bisect winter concentration area. Lessee shall flag fences in riparian areas, near lek locations and other sensitive areas specifically identified by either IDL or IDFG.

In addition to the requirements of this Lease, IDL will consider the impacts on sage-grouse when determining whether to authorize the placement of new fences and structures. Notwithstanding the foregoing, IDL will not approve construction of fencing and other structures with a height over 5 feet within 1 km (0.62 mi) of occupied leks, as determined by IDFG, unless authorized in writing by IDFG, Lessee shall place tall structures including but not limited to corrals, loading facilities, water storage tanks, windmills etc., as far as possible from occupied leks to reduce opportunities for perching raptors. Careful consideration, based on local conditions, will also be given by IDL when authorizing the placement of new fences or structures near other important seasonal habitats (winter-use areas, movement corridors etc.). In order to reduce potential impacts, fence markers will be used to mitigate mortality within areas identified by IDL, IDFG or Lessee.

Design and placement of water developments:

In addition to the requirements of this Lease, spring developments (including pipelines) authorized by IDL will be designed to maintain or enhance the free-flowing characteristics of springs and wet meadows by the use of float valves on troughs or other features where feasible. Lessee will be required to retrofit all water developments during normal maintenance activities to maintain or enhance lentic, riparian properties and minimize annual maintenance.

For projects requiring water to be pumped, floated tanks may be approved by IDL to conserve water resources. Efforts will be made by the lessee to treat these tanks for mosquito species that carry West Nile Virus.

The construction of new ponds or reservoirs by authorized parties will be minimized, except as needed to meet important resource management or restoration objectives, to reduce the potential impact from West Nile Virus on sage-grouse and only when approved by IDL.

Wildlife escape ramps in new and existing water troughs and open-water storage tanks shall be installed and maintained to facilitate the use of and escape by wildlife.

Site Reclamation:

Lessee will complete any required site reclamation as soon as phases of operation or construction are completed. Site reclamation will stabilize the site with plant species that are suitable to the site and include sage brush and native forb species; provide the opportunity for sage-grouse habitat to develop over time; and prevent non-native invasive species from occupying the site. Lessee will irrigate or mulch the site, as necessary, to establish seedlings more quickly.

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