

NEWBERRY GEOTHERMAL UPDATE

June 2010

Notice of Intent Submitted for EGS Project - AltaRock Energy and Davenport Newberry to Demonstrate Innovative Geothermal Technology

Davenport Newberry, Operator of the Newberry Geothermal Project (www.newberrygeothermal.com), and its partner, AltaRock Energy (www.altarockenergy.com), a renewable energy development company focused on the research and development of Enhanced Geothermal Systems (EGS), have submitted to the Department of the Interior's Bureau of Land Management (BLM) a Notice of Intent (NOI) / Plan of Exploration for the Newberry Volcano EGS Demonstration Project. As previously announced in October 2009, this EGS Demonstration project was selected for a grant under the American Recovery and Reinvestment Act of 2009.

The Notice of Intent initiates the project permitting process pursuant to the National Environmental Policy Act (NEPA). The environmental analysis of these activities will be conducted by the BLM and the U.S. Forest Service (Bend-Ft. Rock Ranger District) as well as the U.S. Department of Energy. The environmental analysis process provides for an opportunity for public participation.

The focus of this EGS project is to create a geothermal reservoir and extract heat from the earth in locations where high temperatures can be reached by conventional drilling techniques – in an effort to advance geothermal energy's promise and potential in the United States.

The demonstration will take place on existing Davenport Newberry federal geothermal leases located on the western flank of Newberry Volcano outside the Newberry National Volcanic Monument. Leases located outside the Monument boundary were designated for geothermal use by a grassroots citizens' committee that included local representatives of the community, environmental groups, government and the geothermal industry. This Monument Committee created the vision and helped draft the legislation that was adopted in the Congressional process that established the Newberry National Volcanic Monument and adjacent geothermal leases.

Funded by a recent \$21.45 million American Reinvestment and Recovery Act grant through the U.S. Department of Energy and \$22.36 million from the AltaRock-Davenport partnership, the project will also benefit from the research efforts of faculty and students at the University of Oregon, University of Utah, Lawrence Berkeley National Laboratory, Texas A&M, Temple University, and scientists from the U.S. Geological Survey.

The Bureau of Land Management, the U.S. Forest Service, the U.S. Department of Energy, and a host of Oregon state officials will review all plans and issue appropriate permits only when satisfied that the Newberry project complies with applicable standards

and guidelines. These public-sector entities will also continue to monitor all aspects of the project as it progresses, once permitted.

“The Newberry project is subject to strict regulatory agency approval and will meet the requirements of the National Environmental Policy Act,” says Will Osborn, Project Manager for AltaRock Energy.

Adds Doug Perry, President at Davenport Newberry, “We see this project as a true public-private collaboration, and we welcome input from government officials and community members. We seek nothing less than an ongoing 360-degree conversation with all parties. In addition, we’ve studied the science, refined the technology, and listened attentively to the community; we’ve also tried to use and deploy thoughtful planning and control systems.”

The U.S. Department of Energy describes EGS as extracting heat from the earth by creating a subsurface fracture system and circulating water through these fractures using deep well bores. Creating an EGS reservoir requires improving the natural permeability of rock. Rock is permeable due to the presence of minute fractures or pore spaces. Water pumped into deep injection wells is heated by contact with the rock and returns to the surface through production wells, similar to naturally occurring hydrothermal systems.

Geothermal energy is proven and has tremendous upside. It has been generating electricity for nearly 50 years in the U.S., and more than 100 years around the world – in Europe, Japan and Australia. EGS is an extension of this original technology, and it can further increase the reach of geothermal power generation.

A 2007 study led by the Massachusetts Institute of Technology estimated that with suitable investments and improvements to existing technology, EGS could supply up to 10 percent of America’s electricity needs within 50 years at prices competitive with fossil-fuel fired generation, but with very low greenhouse gas emissions.

Many supporters recognize that geothermal energy is one of the few baseload renewable power sources available. And there is a ground-swell of support for geothermal technology and a new energy economy, both in the U.S. and around the world.

For further details and additional background about the project, please go to www.newberrygeothermal.com.

Mailing List Changes and Information Requests

Davenport Newberry strives to keep local, state, and federal elected officials, key organizations, and interested community stakeholders and citizens informed. If you wish to be added to our mailing list, update your contact information, or be removed from our mailing list, please contact our Bend office at 541-323-1190 or email us at info@newberrygeothermal.com with your requests.

Thank you for your interest in the Newberry Geothermal Project and renewable energy!

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