

NEWBERRY GEOTHERMAL PROJECT NEWS

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FOR IMMEDIATE RELEASE

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NEWBERRY GEOTHERMAL PROJECT: WHAT'S NEXT FOLLOWING APPROVALS FOR EXPLORATORY TEST WELLS

Davenport Power is pleased to announce that the Newberry Geothermal Project has received approvals from the Bureau of Land Management (BLM) and the Forest Service to proceed with road maintenance and pad preparation for our exploratory well drilling program. Davenport worked with the BLM, the Forest Service and others on successfully completing the environmental analysis for this activity. This announcement has been a long time coming and we are delighted to share this news.

Set forth below is some background information on the Project and an overview of our current activity to prepare for drilling exploratory wells. It is intended that the exploratory wells will provide a better understanding of the Newberry geothermal resource. Davenport Power fully appreciates and understands the local, regional, and national significance of this Project and the critical need to be well prepared every step of the way. Davenport is committed to developing, constructing and operating this project in a safe, environmentally responsible manner. We continue to be ready and willing to work with all of the stakeholders and each of the regulatory agencies to ensure a quality Project.

What is the current status of the Newberry Geothermal Project?

There are three major phases to developing the Newberry Geothermal Project. The first phase was conducted in 2006 and included geophysical surveys. The scientific results of these surveys have been combined with other information from years of studying Newberry to develop a better understanding about what is under the earth's surface.

We are starting the second phase where exploratory test wells will be drilled to explore potential geothermal resource areas for underground geologic features that have the right combination of heat and water to produce steam. Crews are presently performing road maintenance on Forest Service roads so they can safely handle truck traffic. Davenport has obtained environmental approval from the Bureau of Land Management to prepare three well pads of approximately 5 acres each. Preparing these well pads will involve clearing trees from the sites along with grading and compacting the ground. Two of the sites have been fully logged in the past and the third site contains a mix of new growth and some older

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trees. We are working on the specific placement of the third well pad site to leave as many of the older and larger trees as practical. After the first drill pad is prepared, a drill rig will be trucked to the site in pieces and assembled on the pad. We anticipate starting to drill in late 2007 when the first pad is ready and the well drilling permits are in place. The wells will start with a 30-inch diameter casing at the top and telescope to smaller diameter casings as we drill down. Ideally, we will hit steam at 6,000 to 7,500 feet, but we are prepared to go to a depth of 10,000 feet. Safety will be a paramount objective throughout all of our activities.

In the third phase, if favorable conditions are found and required approvals are obtained, development of a power plant facility using geothermal energy would occur. The major parts of such a facility would include production and reinjection wells, pipelines, steam-driven turbines and generators to create electricity, and transmission lines. Proceeding with future development and construction will require obtaining numerous permits and approvals from federal, state and local governmental agencies, and will involve considerable environmental study, documentation, and public review and comment.

What are the future plans for the Newberry Geothermal Project?

Davenport Power is developing the Newberry Geothermal Project in anticipation of ultimately producing electricity using the geothermal energy from the earth. The exploratory phase of the Newberry Geothermal Project is a critical first step to gather information about the geothermal resource and to understand the extent and characteristics of the features hidden deep underground. If exploration is successful and a viable commercial resource is discovered during the exploratory drilling, Davenport Power will prepare and submit specific plans to develop the resource for electrical power production. The Project, located on the western flank of Newberry Volcano 25 miles southeast of Bend in central Oregon, is anticipated to ultimately produce renewable electrical energy to satisfy a 20-year, 120MW contract entered into with Pacific Gas & Electric Company, based out of California. The Newberry Geothermal Project will feature state of the art renewable energy facility that will provide clean, renewable energy. A completed Project would be a source of significant revenue for the state of Oregon and Deschutes County in the form of royalty payments and taxes. In addition to creating construction jobs, at least two dozen skilled full-time employees will be hired to operate and manage the plant. Davenport hopes to have the opportunity to additionally supply energy into Oregon markets from Newberry leases in the future.

What is geothermal energy?

Geothermal energy is heat from the earth that can be used as an energy source to produce heat and electricity. Geothermal energy is a clean and renewable source of energy produced by tapping into a geothermal resource of hot steam or water deep under the earth's surface. Hot steam brought to the surface turns the rotor of turbines that, in turn, spin generators to create electricity. The

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geothermal resource, with much of its heat removed, is then reinjected into the subsurface of the earth to be reheated and restore what was taken out and used to turn the turbines. Geothermal energy is used in many countries around the world. In Italy, a generator was built in 1904 in a geothermal area that is still producing electricity today.

Where is the Newberry Geothermal Project located?

The project is located on the western flank of the Newberry Volcano 25 miles southeast of Bend in central Oregon. It is on federal geothermal leases administered by the Bureau of Land Management and located on National Forest land outside the Newberry National Volcanic Monument.

Is the Newberry National Monument Protected?

Geothermal power is an allowed use in the designated management area outside the Newberry National Volcanic Monument. The Monument was established in 1990, and reflects the consensus reached by a local committee consisting of environmentalists, community leaders, geothermal industry representatives, recreation enthusiasts, and others. The legislation that created the Monument specifies that no geothermal development will occur on federal lands within the Monument, but provides for geothermal leasing - with the potential for exploration and plant development - outside of the Monument boundaries. The Project, including the wells to be drilled, will be outside of the Monument boundaries. These boundaries extend to the center of the earth – there will not be any drilling under the Monument. Davenport's Newberry Geothermal Project has no connection with a proposed Measure 37 land use claim filed by owners of private land within the Newberry National Volcanic Monument.

Who is Davenport Power?

Davenport Power, LLC is the Operator of the Newberry Geothermal Project. Davenport Power was formed in 1997 as an independent electric power company to own and operate clean power and renewable energy projects. The company specializes in developing early stage geothermal opportunities that sell power to utilities under long-term contracts.

Davenport's managers are highly experienced geothermal power developers and operators who are committed to building and operating a plant that will be a good neighbor and good for the environment. Davenport's managers have decades of participation in the senior management of companies that developed almost 300 MW of geothermal power projects, and developed or acquired over 5,000 MW of facilities using other technologies and fuel types.

Where Can I learn more?

Websites:

- <http://www.newberrygeothermal.com> for information on the project
- <http://www.davenportpower.com> for information on Davenport Power LLC.

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- <http://www.blm.gov/or/districts/prineville/plans/newberry/index.php> for BLM's website concerning the Project
- <http://geothermal.org> for information on geothermal energy.
- <http://geothermal.margin.org> for information on geothermal energy.
- <http://www.geo-energy.org> for information on geothermal energy.

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