

ENERGY INSTITUTE

Box 3E1/Las Cruces, New Mexico 88003
Telephone (505) 646-1745



December 7, 1984

Dr. Harry J. Olson
Steam Reserve Corporation
1707 Cole Boulevard
Golden, CO 80401

Dear Harry:

In response to our discussion on December 7, 1984, this is a letter contract offer for the cost shared drilling program Steam Reserve Corporation has discussed with New Mexico State University Energy Institute (NMSUEI) on several occasions. The NMSUEI and SRC agree to participate in the state-sponsored geothermal temperature gradient hole drilling program as follows:

1. SRC will secure required permits and prepare the drilling contractual specifications.
2. SRC will obtain the necessary permit to drill shallow, temperature gradient holes for the purpose of geothermal energy exploration and obtain services of a drilling company.
3. SRC will execute a drilling contract with a licensed New Mexico drilling company to drill, complete for testing, and plug and abandon up to five shallow geothermal temperature gradient holes.
4. SRC will coordinate with the NMSUEI staff acceptable dates for the drilling activities. Efforts will be made to start drilling activities no later than December 17 and to complete the drilling of all holes during 1984.
5. NMSUEI staff will supervise the drilling activities in the field to monitor performance of the drilling contractor.
6. NMSUEI will prepare lithologic sections and make temperature measurements in the gradient holes within a 30-day period following the completion of hole drilling.
7. NMSUEI staff will supervise collection and bagging of drill samples and bottling of water samples at intervals specified by SRC.
8. NMSUEI will notify SRC upon completion of the data collection process that the temperature gradient holes are ready to be properly plugged and abandoned.

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9. NMSUEI will reimburse SRC for one-third of the total drilling, completion, and plugging costs within 30 days of receipt of copies of all applicable permits and notices and receipts of payment for hole drilling, completion, and plugging. All materials must be received by the NMSUEI on or before May 31, 1985, in order to be eligible for reimbursement. The maximum reimbursement under this contract shall not exceed \$30,000.
10. NMSUEI will provide a written report to SRC containing the measured data, an analysis and interpretation of the data, and an evaluation of geothermal energy potential on or before the date of reimbursement. Data will be kept confidential until June 30, 1985.

This offer shall remain open to acceptance until December 31, 1984. If this agreement is acceptable to SRC, please sign, date, and return two (2) copies hereof as an agreement.

Sincerely yours,



Rudi Schoenmackers
Director

RS/jm

Approved as an agreement: The
Regents of New Mexico State
University

Approved as an agreement:

President

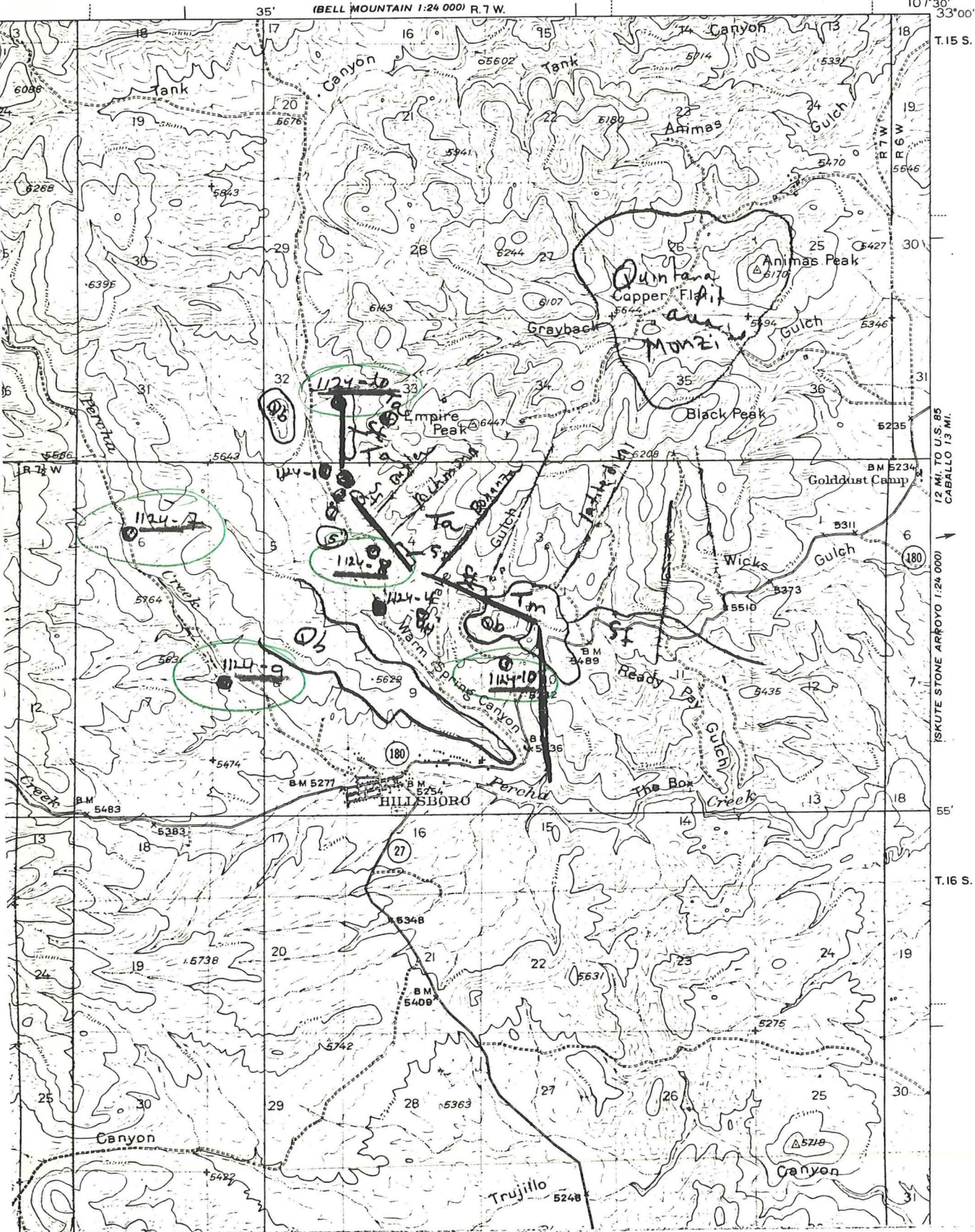
Date: _____

Permitted

Drilled

NEW MEXICO
HILLSBORO QUADRANGLE

(SALADONE
TANK)
1:24 000



T.15 S.

12 MI. TO U.S. 85
CABALLO 13 MI.

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180
180

T.16 S.