

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY



Request for Proposals for Drilling of Exploratory Temperature-gradient Wells for the SCPPA Area One Geothermal Energy Project

RFP Date: June 30, 2008

Response Deadline: August 11, 2008, by 2:00 p.m. PST

**SCPPA Request for Proposals
for
Drilling of Exploratory Temperature-gradient Wells for the SCPPA Area One
Geothermal Energy Project**

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Geothermal Energy Project**

APPENDICES

<u>SECTION</u>	<u>TITLE</u>
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A2	LADWP Site Vicinity Map
A3	IID Site Vicinity Map
B	Drilling and Logging Program for Temperature-gradient Wells
C	LADWP License – Access Agreement (Draft)
D	LADWP Contract Insurance Requirements
E	IID Encroachment Permit Application
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SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Request for Proposals for Drilling of Exploratory Temperature-gradient Wells for the SCPPA Area One Geothermal Energy Project

1.0 Introduction

The Southern California Public Power Authority (SCPPA) intends to contract with one or more firms to provide exploratory well drilling services to support the Area One Geothermal Energy Project.

1.1 Purpose, Project Site, Well Locations and Pre-bid Conference

SCPPA is considering a geothermal power plant project in Imperial County, California, near the Salton Sea. The exploratory phase of the project requires drilling of temperature-gradient wells.

The well drilling will be performed in the lands owned by two of its members, the Los Angeles Department of Water and Power (LADWP) and the Imperial Irrigation District (IID). The land maps for the proposed well drilling, approximately 10 square miles in total area, are attached as Appendices A2 and A3. The proposed locations of wells to be drilled must be within the boundaries of the lands shown.

Approximate locations of wells to be drilled are shown in Appendix A1. Boundaries near wells and well locations will be surveyed and staked in the field. Respondent may adjust the actual well locations up to 100' from the locations indicated. The site is accessible to construction equipment. Short new roads may be required to gain access to the well site(s).

Approximately 3 weeks after the issuance of the RFP, all proposed respondents shall attend a mandatory conference at the exploratory well site. Proposed respondents will be notified of the exact time, date and the meeting location prior to the conference. Each respondent must attend this mandatory conference to be considered a responsive bidder.

1.2 Background

SCPPA, a joint powers authority and a public entity organized under the laws of the State of California, was created pursuant to the Government Code of California and a Joint Powers Agreement for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation or transmission of electric energy.

Membership consists of eleven cities and one irrigation district which supply electric energy to Southern California, including the municipal utilities of the cities of Anaheim,

Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District.

SCPPA is governed by its Board of Directors, which consists of representatives from each of its members. The management of SCPPA is under the direction of an Executive Director, who is appointed by the Board. SCPPA currently holds capacity entitlements in the following projects and 100% of the output is sold and controlled by its member utilities:

SCPPA Projects

- Palo Verde Power Project
- Hoover Upgrading Power Project
- San Juan (Unit 3) Power Project
- Magnolia Power Project
- Southern Transmission System
- Mead-Adelanto Transmission Project
- Mead-Phoenix Transmission Project
- Pinedale Natural Gas Reserves Project
- Gould Geothermal Project

2.0 Scope of Work

Successful respondent(s) will be required to provide the following services and comply with all applicable regulatory requirements related to such services:

- (1) Obtain necessary permits from State and local governing agencies for well drilling;
- (2) Perform exploratory temperature-gradient well drilling for three 6¹/₈-inch diameter wells up to 3,000 feet below ground surface as per specifications shown in Appendix B within the applicable time limits set by the California Division of Oil, Gas and Geothermal Resources;
- (3) Work and coordinate with GeothermEx, a SCPPA consulting firm for the project, to ensure the use of proper drilling techniques and the maintenance of good quality drilling logs and core records;
- (4) As directed by GeothermEx, drill one additional well (with cumulative total of four wells) if one or more of the three wells to be drilled fail(s) to indicate the significant temperatures desired by SCPPA and GeothermEx;

- (5) Provide actual locations, survey coordinates, and technical data of wells drilled; and
- (6) Either (i) file all necessary drilling records for any well that is considered completed as defined by Section 1950 of Subchapter 4 of Title 14 of the California Code of Regulations, or (ii) restore the site to existing condition or better after completion of drilling operation, including any plugging and abandonment, or (iii) both (i) and (ii) above.

GeothermEx and IID will assist the successful respondent(s) in obtaining any necessary drilling permits; GeothermEx will coordinate the process of drilling, and will provide logging services to the exploratory wells. A GeothermEx engineering representative will be on-site at the start of the drilling and at critical points throughout the drilling operations. As needed, an independent construction supervisor may also be on-site to supervise drilling operations and provide continuous oversight of construction. Data collected from drilling operations shall be transmitted to SCPPA through GeothermEx on a daily basis.

3.0 Request for Proposals (RFP) Schedule

SCPPA has established the following schedule for this RFP, but reserve the right to amend the proposed schedule at any time:

1. Issuance of RFP: June 30, 2008.
2. Mandatory Site Visit: To be scheduled approximately 3 weeks after issuance of RFP.
3. RFP Submittal Deadline: August 11, 2008.
4. RFP Evaluation Period: Approximately 4 weeks.
5. Issue RFP Results: On or about September 8, 2008.
6. Obtain Permits and Project Application: 4 to 8 weeks.
7. Start Well Drilling: by November 3, 2008, subject to change if environmental document is required.
8. Complete Well Drilling: by February 2, 2009, subject to change if environmental document is required.
9. Clean Up and Close Project: by February 9, 2009, subject to change based upon commencement and completion of drilling.
10. Expiration of RFP: June 30, 2009.

Upon approval and acceptance by SCPPA, respondents may submit an alternative drilling schedule and the associated changes in bid price with adjustment of up to 3

months from the schedule shown above. In no case shall the Close of Project be after May 9, 2009.

4.0 Requirements for Proposal

Submitted proposals shall conform to the following:

1. RFP schedule as specified above.
2. Project Specifications (Drilling and Logging Program for Temperature-gradient Wells) as shown in Appendix B.
3. Conditions and requirements specified in Appendix C (LADWP License – Access Agreement). Successful respondent will be required to sign the LADWP License – Access Agreement.
4. Insurance requirements as specified in Appendices D and E.
5. Conditions and requirements specified in Appendix E (IID Encroachment Permit Application). Successful respondent(s) will be required to sign the IID Encroachment Permit Application.
6. Complete and sign Appendix F (SCPPA Surety Bond). Amount of surety bond shall be approximately 2 percent of the total bid price, and the amount submitted is subject to approval and acceptance by SCPPA.
7. All bids shall include the following costs: mobilization and demobilization; daily rate of drill rig; outside daily rate for other equipment and ancillary services; any expenses for bonds; any permitting and other fees; and any administrative and overhead costs for drafting, filing and maintaining any well reports, logs, records, history, tests and/or other documentation.
8. A signed statement that bid price shall remain firm through May 9, 2009.

Each proposal submitted in response to this RFP must include a statement that the above requirements are met.

4.1 Transmittal Letter

Each proposal submitted in response to this RFP must contain a letter of transmittal including the following information:

1. A brief statement of the respondent's understanding of the work to be performed and commitment to perform work.
2. A summary of exceptions taken, if any, to the RFP requirements and scope of work. Specify whether proposal has any ancillary service capability or requirement.

3. A reference to any contractual terms and conditions required by the respondent.
4. The names of individuals authorized to represent the respondent, the titles, addresses, telephone numbers, and e-mail addresses.
5. An officer authorized to bind must sign each proposal on behalf of the respondent.

4.2 Prices

Submit bid prices to drill temperature-gradient wells listed as follows:

Number of Wells	Depth of Well	Bid Price
3	500'	\$_____
3	1,000'	\$_____
3	1,500'	\$_____
3	2,000'	\$_____
3	2,500'	\$_____
3	3,000'	\$_____
4	500'	\$_____
4	1,000'	\$_____
4	1,500'	\$_____
4	2,000'	\$_____
4	2,500'	\$_____
4	3,000'	\$_____

4.3 Firm Qualifications

Respondents shall provide information describing company history, firm's capabilities, experience and familiarity in relation to exploratory temperature-gradient well drilling, Indicate how many projects of this type your firm is performing or has performed in the past 5 years.

Provide a list of three (3) firms for which your firm has done work similar to that being requested here, and from which you have obtained permission to use as references. Please be as specific as possible, including contact names, companies, addresses, telephone numbers, and industry affiliation, if possible.

4.4 Key Personnel

Respondents shall include identification of key personnel including management and technical staff and their proposed responsibilities. All proposed subcontractors, if any, must also be properly identified and a description of their respective responsibilities shall be included. In addition, a summary of the number of available support personnel shall be provided.

4.5 License

Respondents shall provide information of the respondent's construction licenses issued by the Contractor's State License Board of the California Department of Consumer Affairs. Copy of the licenses shall be attached to the submittal.

4.6 Subcontractors

Respondents shall provide information of any subcontractor's construction license(s) issued by the Contractor's State License Board of the California Department of Consumer Affairs. Copy of the licenses shall be attached to the submittal.

4.7 Technical Approach

Unless required elsewhere in this RFP, respondent shall provide, without limitation, the following information in its proposal:

1. Describe drilling services to be provided, including permits to be obtained, drilling staging and procedures, drilling fluid program, and construction schedule.
2. List major equipment (i.e., drill rig and crane) to be used, including the type of equipment, manufacturer, age of equipment, depth capacity range, torque, pullback force, variable speed range, and other technical data.
3. Describe drilling mud to be used (supplies and services).
4. Describe method of containment and disposal of drilling waste and well water.
5. Describe method of water supply.
6. Describe method of noise control.
7. Indicate daily work hours for drilling, start and end time.
8. Describe methods of providing site security and construction safety.
9. Describe method of groundwater sample collection.
10. Describe method of site clean up and restoration after drilling operation.

5.0 Proposal Selection Criteria

1. SCPPA, at its sole discretion, shall evaluate responsive proposals and select proposals, if any, which provide the most value to SCPPA and its customers.
2. SCPPA shall determine at its sole discretion the value of any and/or all proposals.
3. SCPPA shall evaluate any proposal in terms of price and non-price attributes.
4. SCPPA shall perform an initial screening evaluation to identify and eliminate any proposals that are not responsive to the RFP, do not meet the requirements set forth in the RFP, are clearly not economically competitive with other proposals, or are submitted by respondents that lack appropriate qualifications to provide dependable and reliable services.
5. SCPPA reserves the right, without qualification and in its sole discretion, to accept or reject any or all proposals for any reason without explanation to the respondent, or to make the award to that respondent, who, in the opinion of SCPPA, will provide the most value to SCPPA and its customers. SCPPA also reserves the right to award to other than lowest priced respondent or other than highest technically rated if SCPPA determines that to do so would result in the greatest value to SCPPA and its customers.
6. SCPPA reserves the right to reject any, all, or portions of the proposals received for failure to meet any criteria set forth in this RFP. SCPPA also may decline to enter into a contract arrangement with any respondent, terminate negotiations with any respondent, or to abandon the RFP process in its entirety.
7. Those respondents who submit proposals agree to do so without legal recourse against SCPPA, its members, and their directors, officers, employees and agents for rejection of their proposal(s) or for failure to execute a contract agreement for any reason. SCPPA shall not be liable to any respondent or party either in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP.
8. Respondent shall be liable for all its costs and SCPPA shall not be responsible for any respondent's costs incurred to prepare, submit, or negotiate its proposal, a contract or for any other activity related thereto.
9. SCPPA may require certain performance assurances from bidders prior to entering into detailed negotiations for a proposed project. Such assurances may include requiring the bidder to post a performance bond.

6.0 Submission Requirements

Two hard copies of your response should be delivered on or before August 11, 2008, by 2:00 p.m. PST to:

Bill D. Carnahan
Executive Director
Southern California Public Power Authority
225 S. Lake Avenue, Suite 1250
Pasadena, California 91101

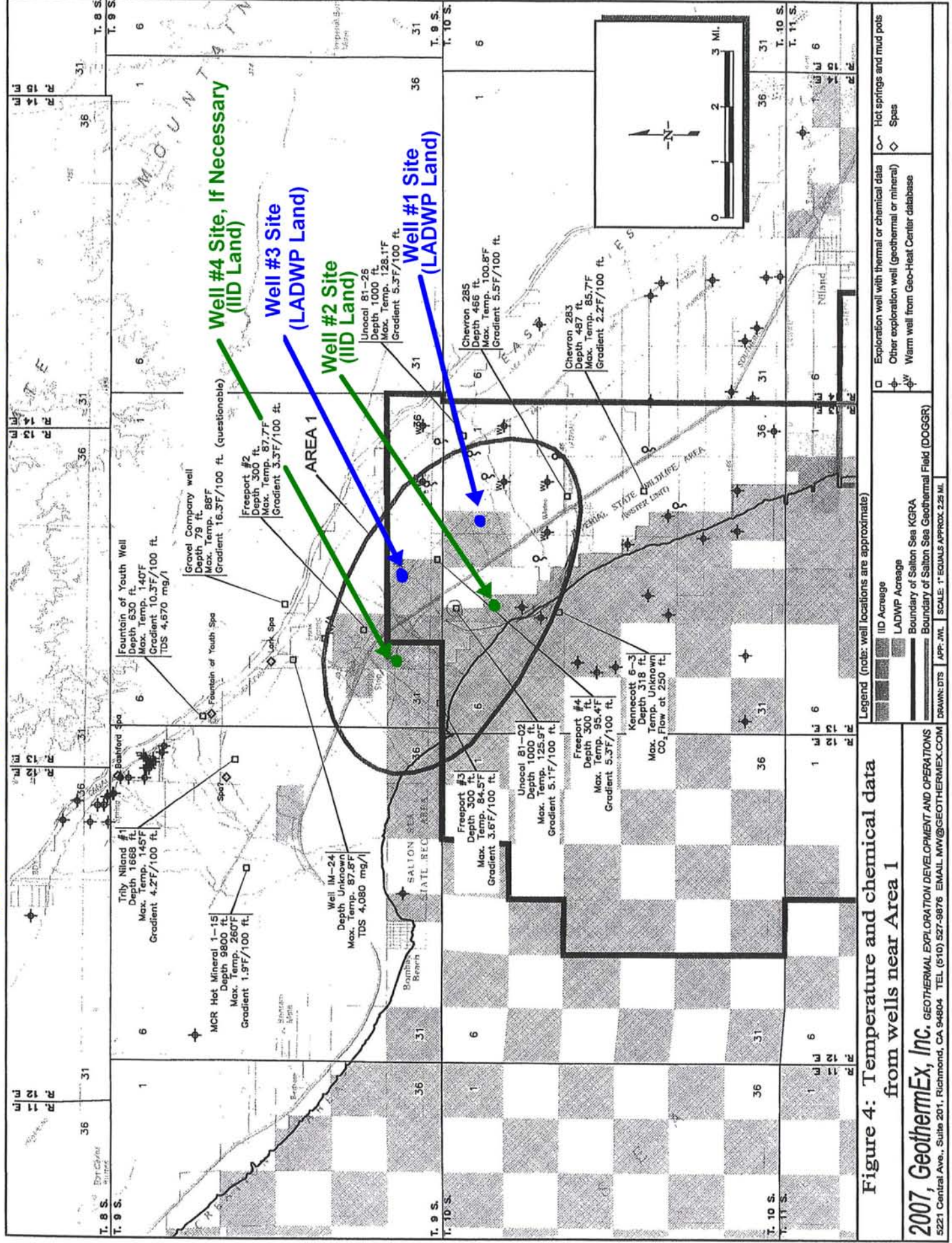
(626) 793-9364; Fax 793-9461

The proposal should also be e-mailed to Bill D. Carnahan at bcarnahan@scppa.org and Roberto Sarmiento at rsarmiento@scppa.org. Identify your proposal for electronic filing purposes as: **[Firm Name]** Geothermal Exploratory Well Drilling Proposal 2008.

Late or non-responsive proposals will be rejected.

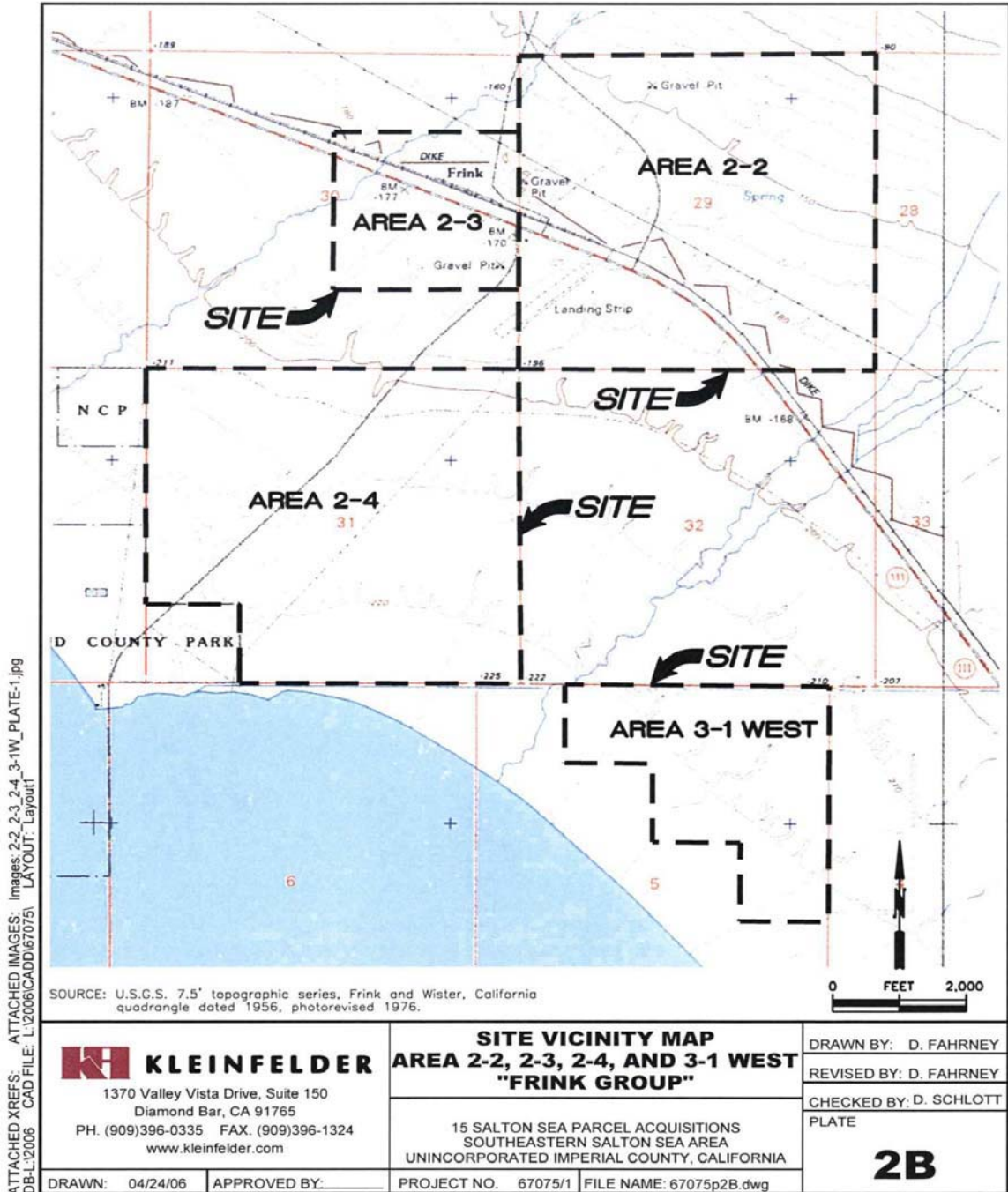
No contact should be made with the Board of Directors or Resource Planning Committee members concerning this request for proposals.

Appendix A1- Approximate Proposed Locations of Drilling Wells

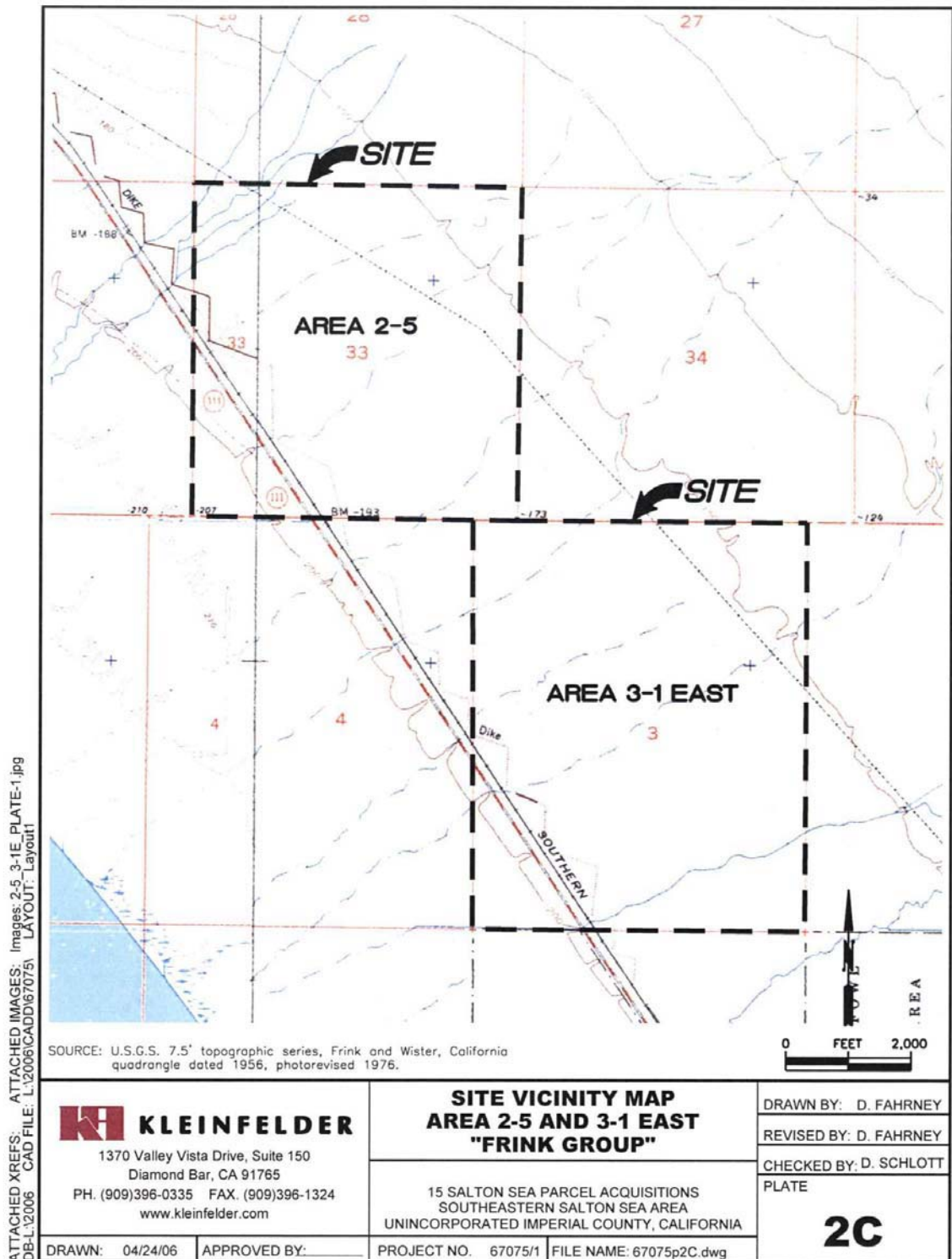


Appendix A2

LADWP Site Vicinity Map



Appendix A2



Appendix A2

PARCEL 2 (CA0250170): AREA 2-2 ON MAP 2B

SECTION 29, TOWNSHIP 9 SOUTH, RANGE 13 EAST, SAN BERNARDINO MERIDIAN, IN AN UNINCORPORATED AREA OF THE COUNTY OF IMPERIAL, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THAT CERTAIN 200 FOOT STRIP GRANTED TO SOUTHERN PACIFIC RAILROAD COMPANY BY CONGRESSIONAL GRANT PURSUANT TO ACT OF CONGRESS DATED MARCH 3, 1875.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF GRANTED TO SOUTHERN PACIFIC RAILROAD COMPANY, A CORPORATION, DESCRIBED IN DEED RECORDED APRIL 1, 1939 AS FILE NO. 17, IN BOOK 520, PAGE 86 OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL HYDROCARBONS IN OR BENEATH THE SURFACE OF SAID LAND, AS SET FORTH AND DEFINED IN THE QUITCLAIM DEED TO CATELLUS DEVELOPMENT CORPORATION, RECORDED APRIL 9, 2002 IN BOOK 2117 PAGE 41 OFFICIAL RECORDS, IMPERIAL COUNTY RECORDS.

PARCEL 3 (CA0250171): AREA 2-3 ON MAP 2B

THE SOUTH 1/2 OF THE NORTHEAST 1/4 AND THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 AND THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 30, TOWNSHIP 9 SOUTH, RANGE 13 EAST, SAN BERNARDINO MERIDIAN, IN THE UNINCORPORATED AREA OF THE COUNTY OF IMPERIAL, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THAT CERTAIN 200 FOOT STRIP GRANTED TO SOUTHERN PACIFIC RAILROAD COMPANY BY CONGRESSIONAL GRANT PURSUANT TO ACT OF CONGRESS DATED MARCH 3, 1875.

EXCEPTING THEREFROM ALL HYDROCARBONS IN OR BENEATH THE SURFACE OF SAID LAND, AS SET FORTH AND DEFINED IN THE QUITCLAIM DEED TO CATELLUS DEVELOPMENT CORPORATION, RECORDED APRIL 9, 2002 IN BOOK 2117 PAGE 41 OFFICIAL RECORDS, IMPERIAL COUNTY RECORDS.

PARCEL 4 (CA0250172): AREA 2-4 ON MAP 2B

ALL OF SECTION 31, TOWNSHIP 9 SOUTH, RANGE 13 EAST, SAN BERNARDINO MERIDIAN, IN AN UNINCORPORATED AREA OF THE COUNTY OF IMPERIAL, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING LOT 6 OF SAID SECTION 31.

EXCEPTING THEREFROM ALL HYDROCARBONS IN OR BENEATH THE SURFACE OF SAID LAND, AS SET FORTH AND DEFINED IN THE QUITCLAIM DEED TO CATELLUS DEVELOPMENT CORPORATION, RECORDED APRIL 9, 2002 IN BOOK 2117 PAGE 41 OFFICIAL RECORDS, IMPERIAL COUNTY RECORDS.

PARCEL 5 (CA0250173): AREA 2-5 ON MAP 2C

ALL OF SECTION 33, TOWNSHIP 9 SOUTH, RANGE 13 EAST, SAN BERNARDINO MERIDIAN, IN AN UNINCORPORATED AREA OF THE COUNTY OF IMPERIAL, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM THAT CERTAIN 200 FOOT STRIP GRANTED TO SOUTHERN PACIFIC RAILROAD COMPANY BY CONGRESSIONAL GRANT PURSUANT TO ACT OF CONGRESS DATED MARCH 3, 1875.

ALSO EXCEPTING THEREFROM A 600 FOOT STRIP OF LAND AS GRANTED TO SOUTHERN PACIFIC RAILROAD COMPANY BY DEED RECORDED MARCH 7, 1933 AS FILE NO. 4, IN BOOK 355, PAGE 334 OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL HYDROCARBONS IN OR BENEATH THE SURFACE OF SAID LAND, AS SET FORTH AND DEFINED IN THE QUITCLAIM DEED TO CATELLUS DEVELOPMENT CORPORATION, RECORDED APRIL 9, 2002 IN BOOK 2117 PAGE 41 OFFICIAL RECORDS, IMPERIAL COUNTY RECORDS.

Appendix A2

AREA 3-1 EAST ON MAP 2C AND AREA 3-1 WEST ON MAP 2B

DIVISION 3 (TOWNSHIP 10 SOUTH)

PARCEL 1 (CA0250174 & CA0250176):

SECTION 3 AND LOTS 3, 4, 5, 9, 10 AND 11 OF SECTION 5, TOWNSHIP 10, SOUTH, RANGE 13 EAST, SAN BERNARDINO MERIDIAN, IN AN UNINCORPORATED AREA OF THE COUNTY OF IMPERIAL, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING FROM SECTION 3 THOSE PORTIONS RESERVED TO THE SOUTHERN PACIFIC RAILROAD COMPANY IN THE DEED RECORDED APRIL 1, 1912 IN BOOK 30, PAGE 235 OF DEEDS, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM THE LAND DESCRIBED IN THE DEED RECORDED MARCH 7, 1933 IN BOOK 355 OFFICIAL RECORDS, PAGE 334, RECORDS OF SAID COUNTY.

ALSO EXCEPTING THEREFROM THE INTEREST IN A 200 FOOT WIDE STRIP OF LAND FOR STATE HIGHWAY PURPOSES AS CONVEYED TO THE STATE OF CALIFORNIA BY DEED RECORDED MARCH 11, 1942 AS INSTRUMENT NO. 9, RECORDS OF SAID COUNTY.

EXCEPTING THEREFROM ALL HYDROCARBONS IN OR BENEATH THE SURFACE OF SAID LAND, AS SET FORTH AND DEFINED IN THE QUITCLAIM DEED TO CATELLUS DEVELOPMENT CORPORATION, RECORDED APRIL 9, 2002 IN BOOK 2117 PAGE 41 OFFICIAL RECORDS, IMPERIAL COUNTY RECORDS.

Appendix A3

IID Site Vicinity Map

- 1. Northwest Quarter, Sec 32, Township 9S, Range 13E**
- 2. Southwest Quarter, Sec 4, Township 10S, Range 13E**

$\frac{Bk}{Pg} \frac{2}{17}$

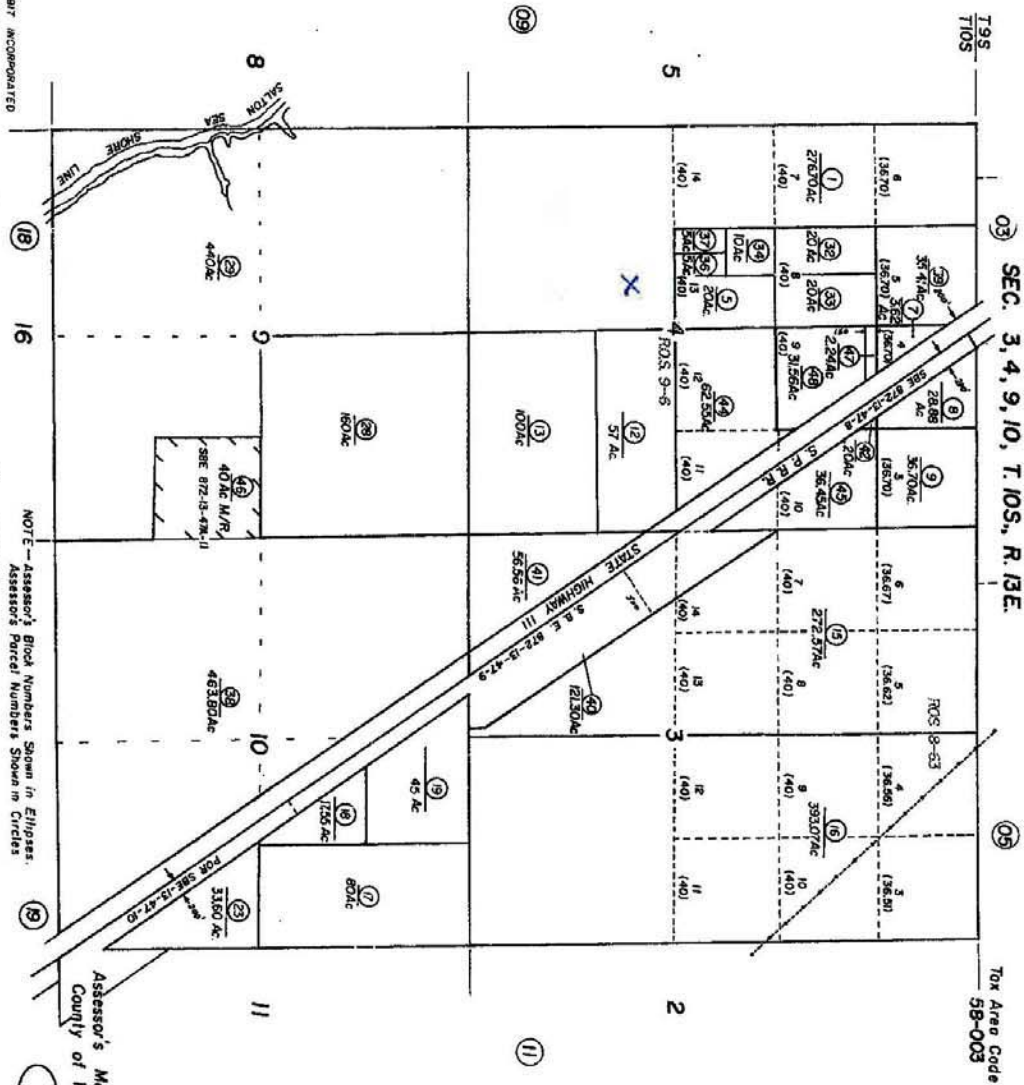


5-4-90 LS
10-9-84 LS
11-30-88 LS

COADAM, a project of BRT INCORPORATED

NOTE - Assessor's Block Numbers Shown in Ellipses.
Assessor's Parcel Numbers Shown in Circles

Assessor's Map Bk. 3 - Pg. 10
County of Imperial, Calif.



Appendix B

GeothermEx, Inc.

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RICHMOND, CALIFORNIA 94804-5829

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E-MAIL: mw@geothermex.com

SCPPA AREA 1 GEOTHERMAL PROJECT IMPERIAL COUNTY, CALIFORNIA

DRILLING AND LOGGING PROGRAM FOR TEMPERATURE-GRADIENT WELLS

for

**Southern California Public Power Authority (SCPPA)
Pasadena, California**

by

**GeothermEx, Inc.
Richmond, California, USA**

14 DECEMBER 2007

Appendix B

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DRILLING AND LOGGING PROGRAM FOR TEMPERATURE-GRADIENT HOLES AT SCPPA AREA 1 GEOTHERMAL PROJECT

This document describes the drilling and logging program for temperature-gradient (TG) holes to be drilled on acreage controlled by the Southern California Public Power Agency (SCPPA) near the Salton Sea, in an area referred to as Area 1 (Figure 1). GeothermEx has prepared this program pursuant to a Professional Services Agreement approved by SCPPA on 8 November 2007. SCPPA is contemplating the drilling of 2 to 3 TG holes in Area 1 to depths of approximately 2,000 feet.

1. Equipment, Materials and Procedures

Figure 2 shows the completion design for the TG holes. A rotary rig capable of drilling a 6-1/8-inch hole to 3,000 feet should be contracted to conduct the work. Figure 3 shows a drilling-pad layout suitable for such a rig.

The driller should make provision for setting the rig on firm ground, or should distribute the load of the rig using large wood mats, since the ground at some of the locations may settle with weight in extremely soft ground.

The TG hole design contemplates cementing 3 strings of casing (14-inch conductor pipe to 75 feet, 9-5/8-inch surface casing to 250 feet and 7-inch intermediate to 1,000 feet) as a precaution against the possible shallow gas flow known to have occurred while drilling other wells within or in the vicinity of Area 1. Weighted mud will be used to drill below the depth of the conductor pipe.

At the time of completion, a string of 2-7/8-inch oilfield tubing (either continuous coiled tubing or threaded API tubing), capped at the bottom, will be run inside the hole and filled with clear water. The annulus will be filled with a mixture of high-viscosity drilling mud and lost-circulation material or cement. This completion will attempt to seal any water or gas flow behind the tubing and will allow the measurement of true formation temperatures.

The procedure for drilling and completing the TG holes is presented in Appendix 1. The drilling-fluid program for the TG holes is described in Appendix 2. The logging procedure for the TG holes is presented in Appendix 3.

2. Well Depth

The anticipated depth for the TG holes is approximately 2,000 feet, but the program described herein will accommodate depths of up to 3,000 feet if this is warranted by geologic conditions encountered in the upper portions of the hole. The same basic well design will be used for all

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holes to be drilled in Area 1 and within this depth range. Minor adjustments to casing depths may be made during drilling based on actual rock formations encountered.

3. Casing and Cementing Program

Refer to Appendix 1 and Figures 2, 6, and 7.

4. Drilling Fluids

Refer to Appendix 2.

5. Logging

Mud logging and sample collection of rock cuttings should be conducted on a routine basis during the course of the drilling operation. After each well is completed, temperature-gradient logs will be conducted at specific time intervals. Refer to Appendix 3 for more details on the temperature-logging procedures.

6. Blowout-Prevention Equipment

Figures 4 and 5 show the details of the blowout-prevention (BOP) assemblies to be used while drilling the TG holes. Based on known and estimated conditions in Area 1, a 17-1/2-inch hole will be drilled and the 14-inch conductor pipe will be cemented in place at a depth of approximately 75 feet. A flow diverter (with a rotating head) will be adequate to drill below the 14-inch conductor pipe with a 12-1/4-inch bit up to approximately 250 feet, where the 9-5/8-inch surface casing will be cemented (Figure 4).

Before drilling the next stage (8-1/2-inch hole to approximately 1,000 ft), the driller will install an 11-inch hydraulic gate valve that can be used to shut in the well completely anytime during drilling and when the drill string is out of the hole. The casing head will be fitted with two 2-inch side valves to quench or kill the hole by injecting cold water or weighted mud, or to vent the gas pressure that may accumulate inside the well (Figure 5). The driller will also install an 11-inch expansion-type BOP (Hydrill or similar) above the 11-inch gate valve while drilling below the depth of 250 feet.

A 7-inch casing string will be cemented at a depth of approximately 1,000 feet, and the same BOP equipment described above will be used to drill the rest of the well. The last drilling stage, below the 7-inch casing shoe, will be drilled with a 6-1/8-inch bit, from 1,000 feet to total depth (2,000 – 3,000 feet).

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7. Geologic Prognosis

The TG holes will be drilled in an area located near the northeastern margin of the Salton Trough, which is an active basin filled with up to 20,000 feet of sediments deposited in late Cenozoic time by the Colorado River and its antecedents. The formations to be penetrated by the holes are therefore expected to consist predominantly of fluvial to deltaic deposits, which may include claystones, siltstones, sandstones and gravels. Alluvial deposits from very recent erosion will be present at the surface and at shallow depths; their lithology is expected to be generally similar to that of the underlying sediments. Lithologies reported from several of the shallow holes drilled in the area confirm that sedimentary rock is present to depths of at least 1,000 feet.

The pre-Salton-Trough rocks exposed in the Chocolate Mountains to the northeast of Area 1 consist predominantly of Paleozoic to Precambrian-age intrusive and metamorphic rocks, with lesser quantities of Tertiary volcanic and subvolcanic rocks. These formations probably underlie the Salton Trough sediments in the area of investigation; however, it is probable that they lie deeper than the levels that will be reached by the TG holes.

The rocks penetrated in the deeper part of the holes could be affected by low-grade hydrothermal alteration, as a consequence of high temperature gradients and, possibly, circulation of hydrothermal fluids. Any such alteration present at the depths being drilled is not likely to have changed the original properties of the sedimentary rocks significantly.

Shallow zones saturated with carbon dioxide gas are known to be present some distance to the south of Area 1, at and near the eastern shore of the Salton Sea geothermal field. At least one well (Kennecott 6-3) at the southern margin of Area 1 encountered carbon dioxide gas flows at a depth of 250 feet, though other wells in Area 1 have no record of shallow gas flows being a problem. The possibility of encountering shallow pressurized gas zones in the currently proposed TG holes has been reflected in the completion design and should be kept in mind while drilling.

8. Well Site Layout and Design

Refer to the description of pad preparation in Appendix 1 and Figure 3.

9. Existing and Planned Access Roads

Short new roads (probably less than 1,000 feet each) may be needed at some of the locations to gain access to the well sites.

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10. Groundwater Sampling

Samples of groundwater from permeable zones within a few hundred feet of the surface may be collected at selected points, for analysis to assess the characteristics of the groundwater. These samples may be collected by airlifting (if an air-assisted drilling method is being used), or by using a standard water-sampling device for water wells.

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Appendix 1. Drilling Procedure for Temperature-Gradient Holes in SCPPA Area 1

1. Build location and level pad where drilling rig and auxiliary equipment will be installed (see Figure 3).
2. Build 4 ft x 4 ft x 4 ft cellar according to rig specifications, with sufficient depth to accommodate wellhead equipment and drilling valve under the ground level.
3. Prepare drill pad according to driller's specifications. Dig out mud disposal pit (if required) according to driller's instructions.
4. Move in and rig up drilling rig and auxiliary equipment.
5. Rotary drill 17-1/2-inch hole to approximately 75 feet. Install and cement 14-inch conductor pipe using ready-mix truck and dumping cement from the surface. Install mud diverter and rotating head (Figure 4).
6. Start mud logging. Collect samples of the rock cuttings every 10-20 feet, depending on the geologist's requirements and the rate of penetration.
7. Rotary drill 12-1/4-inch hole to approximately 250 feet using the following bottom-hole assembly:
 - 12-1/4-inch bit,
 - Bit sub with flapper valve,
 - Near-bit stabilizer
 - 1 x 8-inch drill collar,
 - 12-1/4-inch string stabilizer,
 - 9 x 8-inch drill collars,
 - Cross-over sub
 - 3-1/2-inch drill pipe.
8. Run 9-5/8-inch, 40 lb/ft, K-55, BTC surface casing to an approximate depth of 250 feet. Cement casing in place using a cementing company. Refer to Figure 6 for details on the cement slurry.
9. Allow cement to cure for a period of 16-24 hours. Cut casing to desired length and weld on 11-inch casing head flange with 2 x 2-inch valved outlets. Pressure rating of the side

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GeothermEx, Inc.

5221 CENTRAL AVENUE, SUITE 201
RICHMOND, CALIFORNIA 94804-5829

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E-MAIL: mw@geothermex.com

valves should be at least 1,000 psi, in order to be compatible with the casing testing pressure (750 psi).

10. Install and test 11-inch hydraulic gate and 11-inch annular BOP – Hydril or similar – (Figure 5). The annular BOP, hydraulic gate and casing shall be tested with water as a testing fluid at a minimum pressure of 750 psi for a period of 15 minutes. Record test pressures utilizing a chart or electronic pressure recorder. Notify the California Division of Oil, Gas, and Geothermal Resources (DOGGR) 24 hours prior to the test.
11. Rotary drill 8-1/2-inch hole to approximately 1,000 feet using the following bottom-hole assembly:
 - 8-1/2-inch bit,
 - Bit sub with flapper valve,
 - Near-bit stabilizer
 - 1 x 6-inch drill collar,
 - 8-1/2-inch string stabilizer,
 - 9 x 6-inch drill collars,
 - Cross-over sub
 - 3-1/2-inch drill pipe.
12. Run 7-inch, 23 lb/ft, K-55, BTC surface casing to an approximate depth of 1,000 feet. Cement casing in place using a cementing company. Refer to Figure 7 for details on the cement slurry.
13. Allow cement to cure for a period of 16-24 hours. Cut casing to desired length and weld on 7-inch casing-head flange with 2 x 2-inch valved outlets.
14. Install and test 11-inch hydraulic gate valve and 11-inch annular BOP – Hydril or similar – (Figure 5). The annular BOP, hydraulic gate valve and casing shall be tested with water as a testing fluid at a minimum pressure of 750 psi for a period of 15 minutes. Record test pressures utilizing a chart or electronic pressure recorder. Notify DOGGR 24 hours prior to the test.
15. Drill out cement inside casing with 6-1/8-inch using a steel-tooth bit. Pull out and use the following assembly to drill the rest of the hole:

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- 6-1/8-inch bit,
 - Bit sub with flapper valve
 - 6-1/8-inch near-bit stabilizer
 - 1 x 4-1/2-inch drill collar
 - 6-1/8-inch string stabilizer
 - 1 x 4-1/2-inch drill collar,
 - 6-1/8-inch string stabilizer (optional for crooked hole condition),
 - 6 x 4-1/2-inch drill collars
16. Drill a 6-1/8-inch diameter hole to an anticipated depth of 2,000 feet (maximum depth 3,000 ft) using mud as drilling fluid. If fluid return temperature exceeds 170°F, be prepared to install a mud cooler in the circulating system.
 17. If partial losses of circulation occur, attempt curing losses with lost-circulation material (LCM). If loss volume increases with time to a difficult level, attempt to cure losses with cement plugs.
 18. Run electrical logs (optional) and a temperature/pressure survey at the end of drilling (see Appendix 3).
 19. Run a string of 2-7/8-inch (N-80) used oilfield tubing (either coiled or API tubing), equipped with a cap at the bottom. Fill annular space with a mixture of high-viscosity drilling mud and LCM; top up the upper portion of the annulus (3 feet) with cement to the surface.
 20. Nipple down BOP and drilling valve. Install permanent tubing ball valve on surface. Fill tubing to the surface with clear water. Keep valve closed except during logging. Begin logging temperature recovery in the well as per logging program (Appendix 3).
 21. Clean up the well site and restore surrounding area to natural conditions. Move rig to the next well site.

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Appendix 2. Drilling Fluid Program for Temperature-Gradient Holes in SCLPA Area 1

The final mud characteristics will be determined using standard API (American Petroleum Institute) approved testing techniques, and the treatment of the same will be decided at the site. As a guideline, the following mud characteristics should be maintained:

a) Mud Return Temperature <40°C (100 °F):

Weight	S.G. 1.05 - 1.07 (8.8 - 8.9 ppg)
pH	9 - 10
Marsh viscosity	40 - 50 seconds
Plastic viscosity	5 - 10 cp
Yield point	15 - 25 lbs/100 sq.ft.
10 min Gel	15-lbs/100 sq.ft.
Water loss	10-cc/30 min.
Wall cake	0.5 - 1.0mm (1/32")
Sand content	0.25% max. (Control with desander/desilter)

b) Mud Return Temperature >40°C (100°F):

Weight	S.G. 1.03 - 1.05 (8.6 – 8.8 ppg)
pH	9 - 10
Marsh viscosity	40 seconds
Plastic viscosity	5 - 10 cp
Yield point	5 - 10 lbs/100 sq.ft.
10 min Gel	2-5 lbs/100 sq.ft.
Water loss	8-10 cc/30 min..
Wall cake	0.5 - 1.0mm (1/32")
Sand content	0.25% max. (Control with desander/desilter)

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c) Weighted Mud (at any depth):

Weight	S.G. 1.26 - 1.38 (10.5 – 11.5 ppg)
pH	9 - 10
Marsh viscosity	40-50 seconds
Plastic viscosity	14 cp
Yield point	10 lbs/100 sq.ft.
10 min Gel	5 lbs/100 sq.ft.
Water loss	8-10 cc/30 min..
Wall cake	1.0mm (1/32")
Sand content	0.25% max. (Control with desander/desilter)

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Appendix 3.

Procedure and Schedule for Logging Temperature-Gradient Holes in SCPPA Area 1

Once total depth has been reached, and before installing 2-7/8-inch tubing, it may be desirable to run electrical logs for purposes of lithologic correlation between wells. The electrical log suite (if run) should include a gamma-ray log and a compensated-neutron formation-density log. The decision as to whether to run electrical logs can be based on the cost of quotations received from commercial logging companies.

A temperature and pressure survey should be run before the 2-7/8-inch tubing is installed. This survey may be run either with surface-read-out electric-line tools, with memory-based electric tools, or with Kuster-type mechanical tools of appropriate temperature range. The choice of logging tools will depend on cost and contractor availability.

After the 2-7/8-inch tubing has been installed, repeated temperature surveys should be conducted at the schedule described in the table below, to track the recovery of temperatures from the cooling effects of drilling. It is anticipated that these surveys will be run with Kuster mechanical-type temperature tools, to minimize cost. At each gradient hole site, the temperature tool will be lowered inside the tubing using a spooling device and a mechanical hoist equipped with a depth indicator marked in feet. A metal bar will be attached above the temperature tool to provide sufficient weight and to prevent the wire from getting tangled inside the tubing.

The following procedure will be used to conduct the temperature-gradient measurements:

1. After completing the well, fill the cellar space with concrete up to ground level. Build a 1-ft x 1-ft x 1-ft concrete slab around the tubing (above ground level) to prevent surface water from accumulating around the tubing and causing corrosion.
2. Fill the capped tubing to the top with clean water. Cut off the tubing 1 ft above the level of the concrete slab. Make up an NPT thread in the upper end of the tubing and install a 3-inch ball valve. Build a concrete or metal shelter above the tubing to protect it from possible vandalism or accidental damage.
3. Allow at least three days after well completion for temperature stabilization, before making the first temperature measurement.
4. Install a top sheave above the 3-inch valve and secure it to the tubing with a tubing clamp.
5. Make up wire line around the sheave and set the counter on "zero" at ground level.
6. Log while lowering the temperature tool into the well. Start lowering the wire making 5-minute stops every 50 ft (or at smaller intervals).

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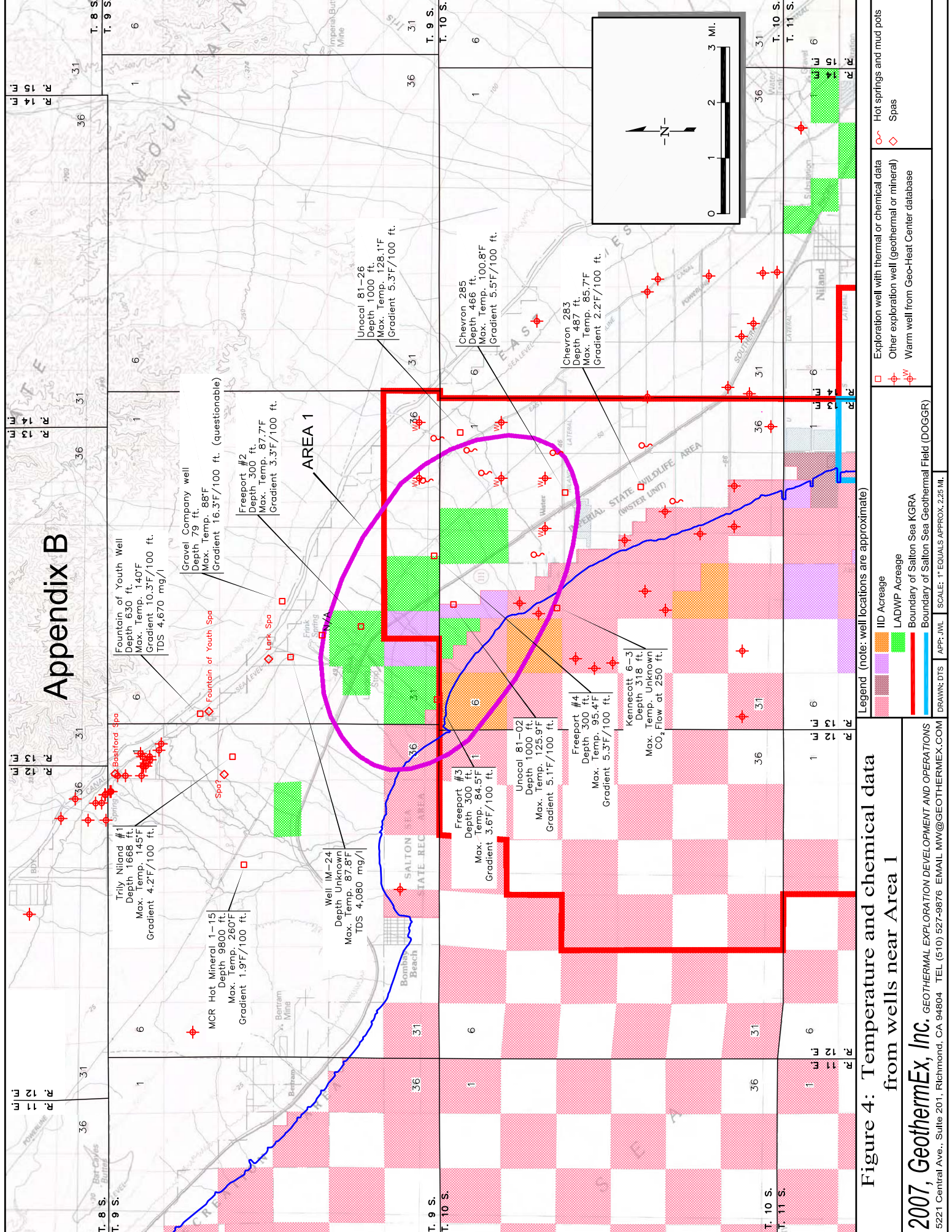
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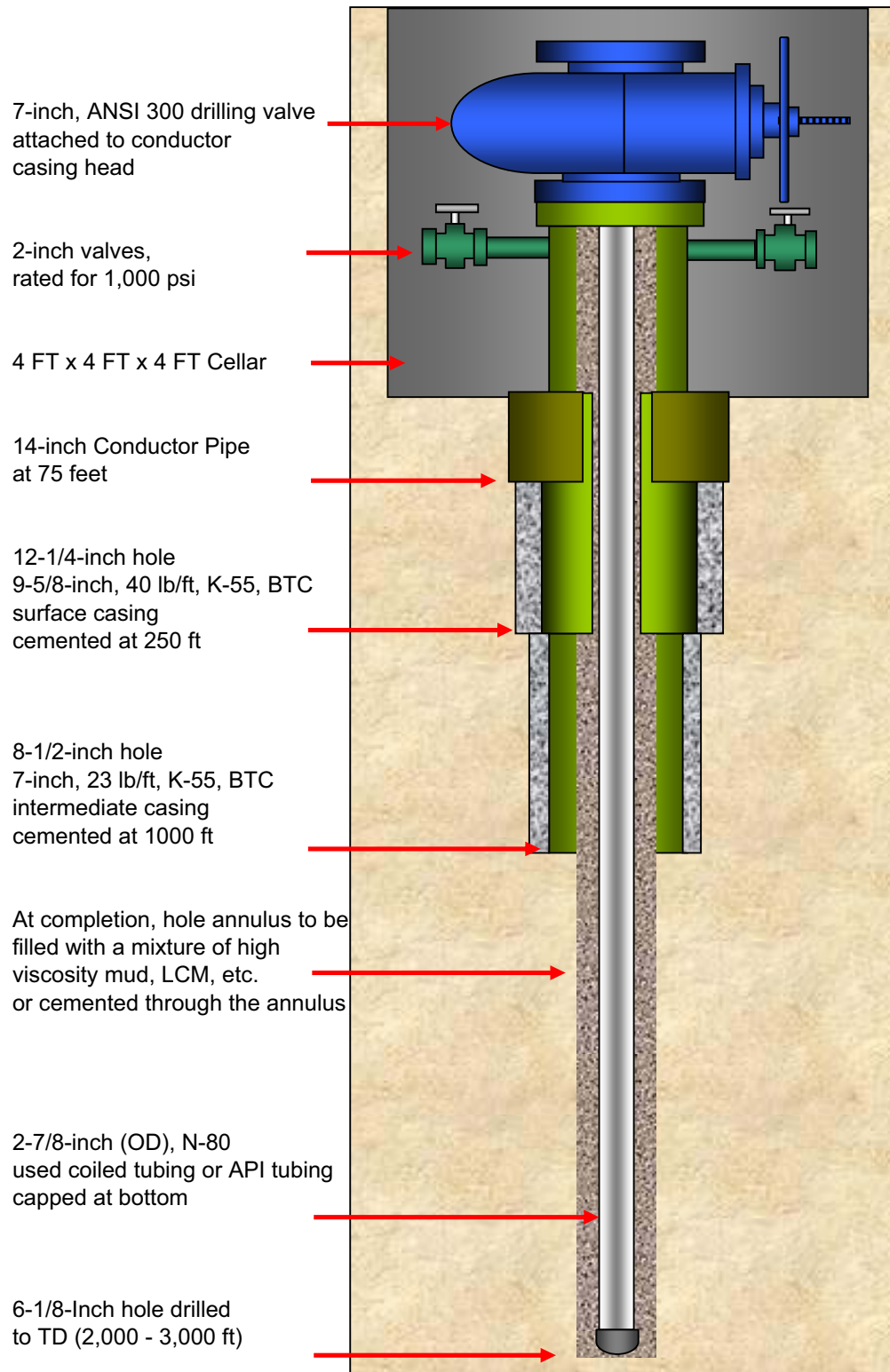
7. If the wire stops while descending inside the tubing, pick up 2-5 ft of wire and let the wire descend on free fall. Make several attempts to pass through the obstruction.
8. If not successful, pull out and replace the weight bar with a solid metal bar about 6 ft long. The bottom of the bar should have a sharp point to enable penetration of any soft obstruction.
9. Once the well has been logged to bottom, pull out the wire (preferably by hand if a restriction was detected during the trip down).
10. Follow the timetable indicated below to schedule the temperature measurements in each well.

First Measurement	Three days after well completion	Allow cooling effects from drilling mud to disappear
Second Measurement	10 days after well completion	If cooling effects are still visible, skip next measurement
Third Measurement	15 days after well completion	Check for temperature stabilization. If temperature has stabilized, skip next measurement.
Fourth Measurement	20 days after well completion	Check for temperature stabilization
Fifth Measurement	30 days after well completion	If temperature measurements are within $\pm 2^{\circ}\text{C}$ of the previous log, skip next measurement
Sixth Measurement	60 days after well completion	Check for stabilization
Subsequent Measurements	Final confirmation measurement, 90 days after well completion	Schedule additional measurements if stabilization is not reached



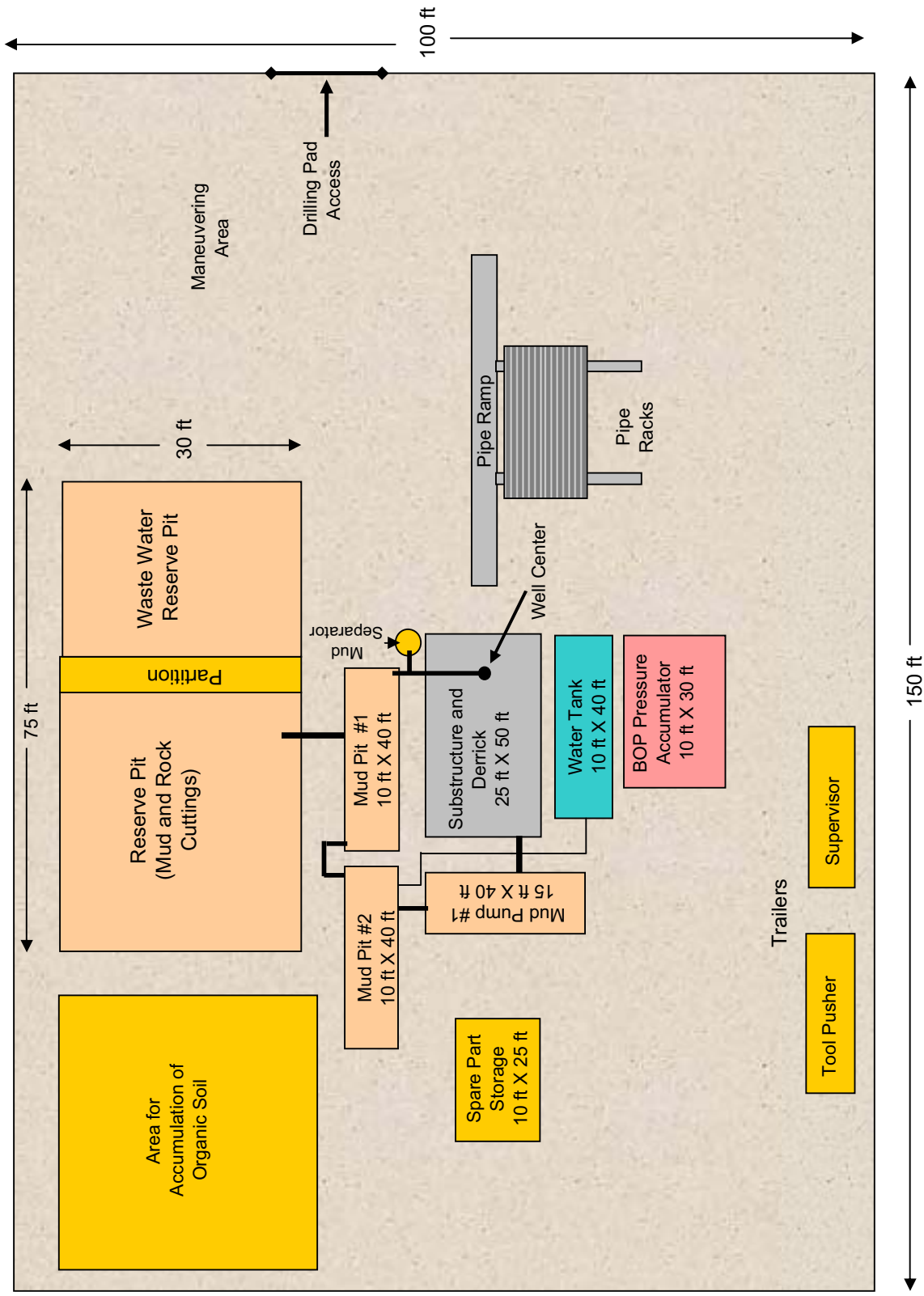
Appendix B

Figure 2
Salton Sea (Area 1) Geothermal Field
EXPLORATORY TEMPERATURE GRADIENT HOLE



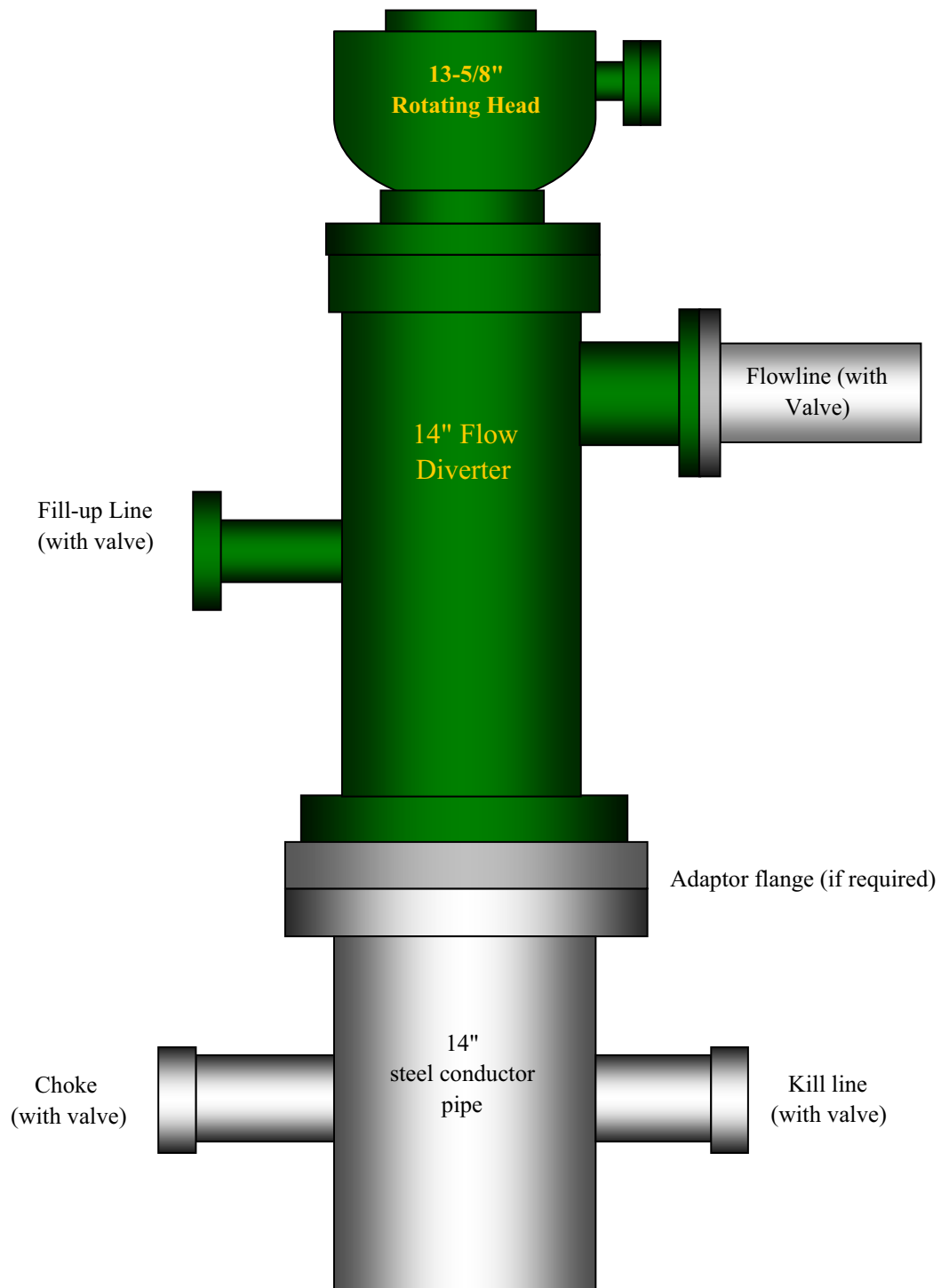
Appendix B

Figure 3. Drilling Pad Layout (Not to Scale)



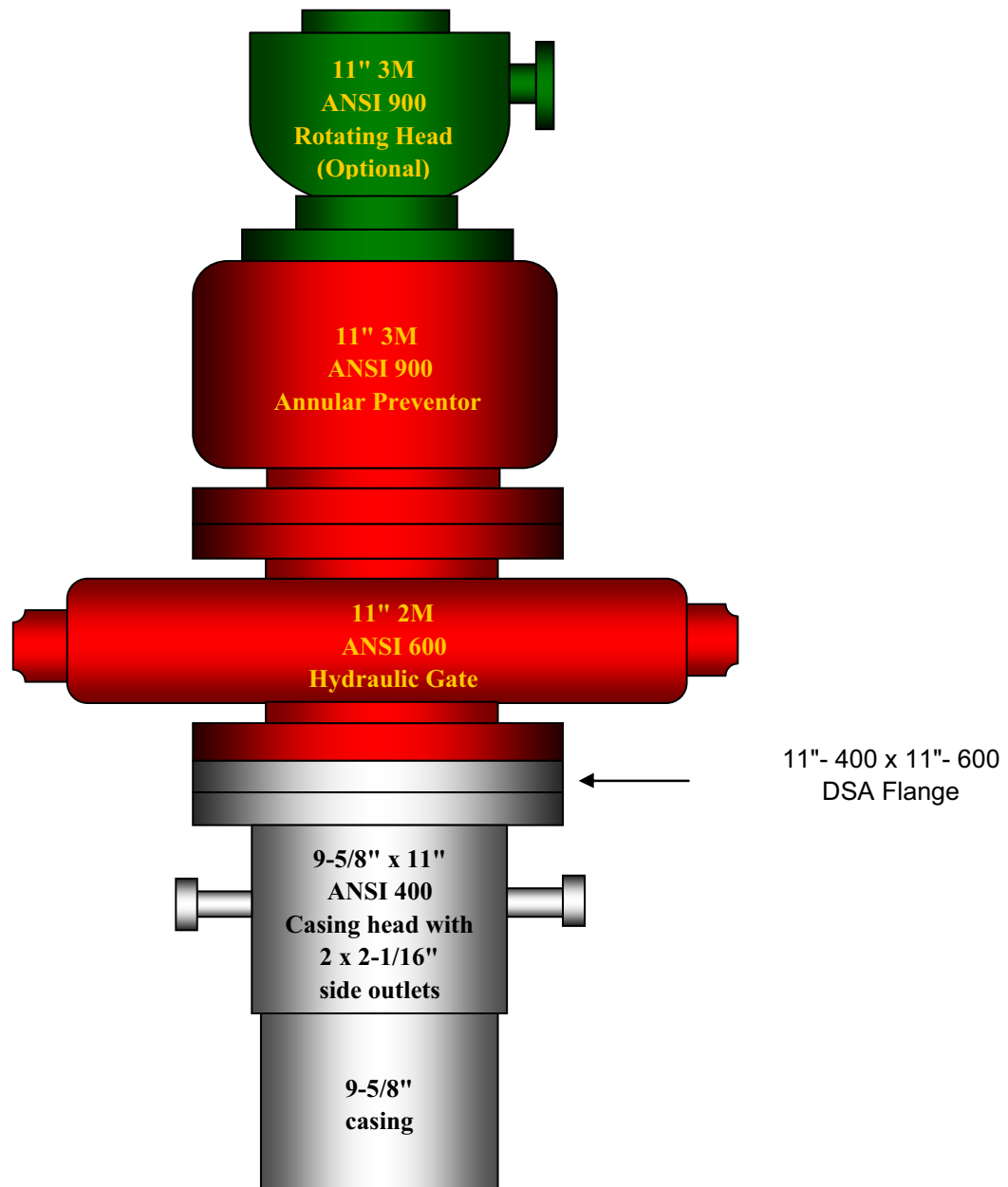
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Figure 4. Equipment for Drilling Below Conductor Pipe



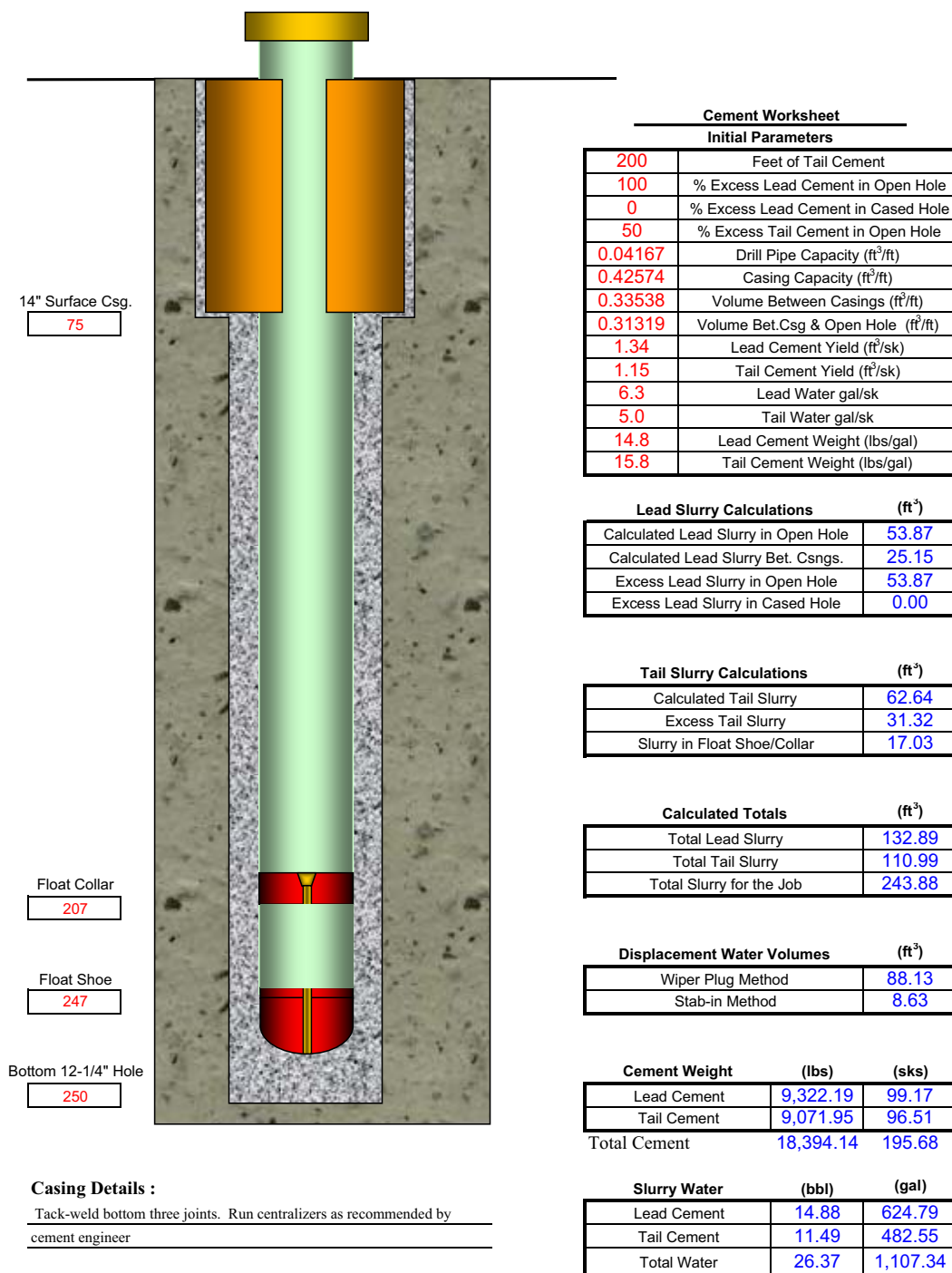
Appendix B

Figure 5. Blowout Prevention Equipment for Drilling Below 9-5/8-inch Casing



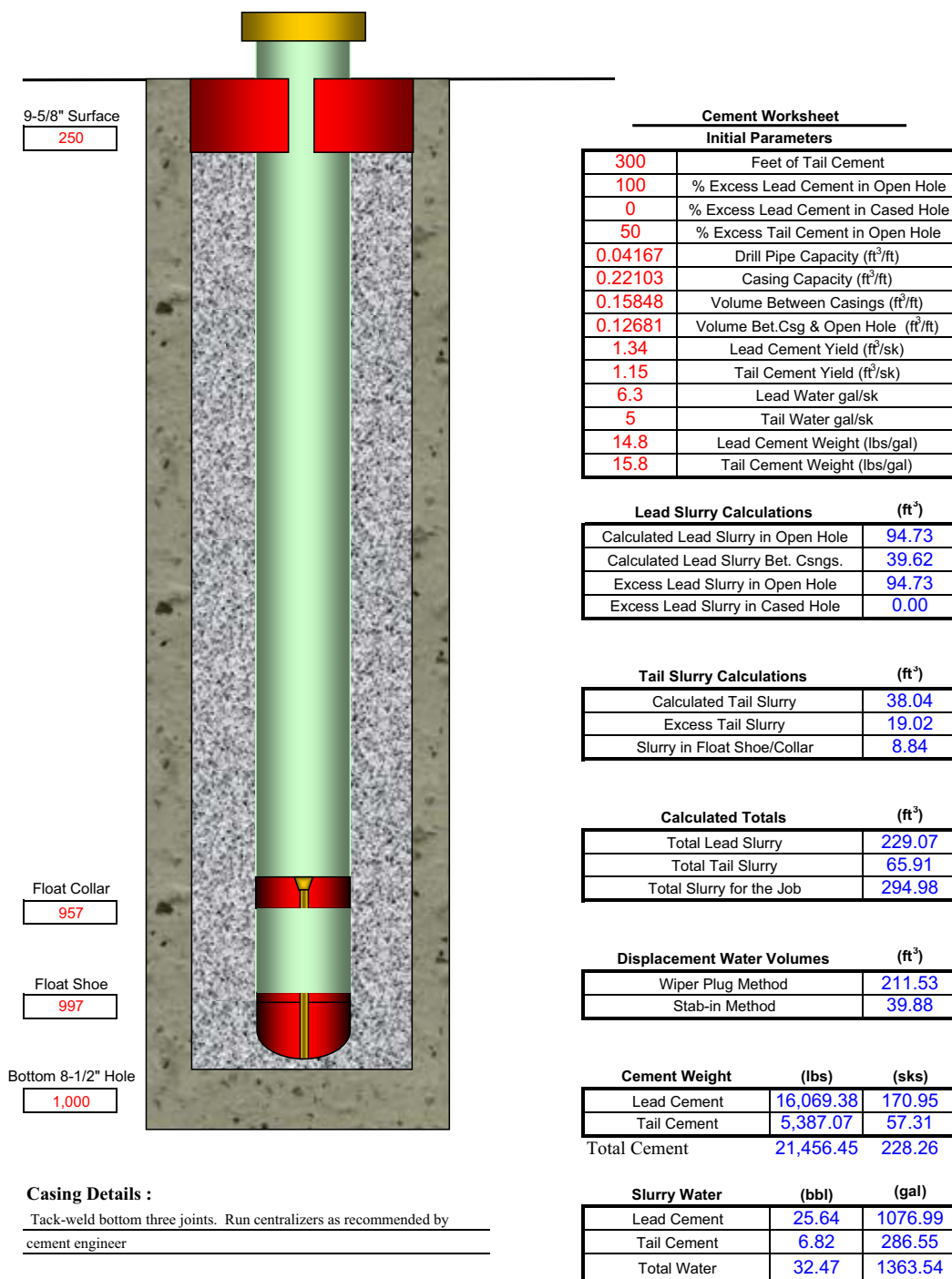
Appendix B

Figure 6. Cementing Calculations for 9-5/8-inch Casing



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Figure 7. Cementing Calculations for 7-inch, 23 lb/ft Casing



Appendix C

(Draft)

DO NOT RECORD

LADWP L I C E N S E - ACCESS AGREEMENT

THE DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, Licensor (sometimes hereinafter referred to as the "Department"), for and in consideration of the keeping and performance by Licensee of the terms and conditions hereof, gives permission to **[the successful respondent drilling contractor to this RFP, to be determined]**, Licensee, whose address is **[to be complete]**, to use certain real property which is owned by the City of Los Angeles and under the control and jurisdiction of said Department for access purposes, including environmental studies and drilling over the Department's Frink Lands property. Said access, studies and drilling will be performed by GeothermEx and **[the successful respondent drilling contractor]**. The specific portion of the Department's Property covered by this license is shown in bold on the drawings marked Plate 2B and Plate 2C, and the associated legal descriptions shown on Appendix A2, attached hereto and made a part hereof ("Licensed Area"). The Department finds that: (1) the property to be licensed is not presently needed for Departmental purposes; and (2) the grant of the License Agreement (License) will not interfere with Departmental purposes.

THE FOREGOING PERMISSION is given upon and subject to the following terms and conditions:

1. The right and permission of Licensee is subordinate to the prior and paramount right of Licensor to use said licensed area for the public purposes to which it now is and may, at the option of Licensor, be devoted. Licensee undertakes and agrees to use said licensed area and to exercise this license jointly with Licensor, and will at all times exercise the permission herein given in such manner as will not interfere with the full use and enjoyment of the licensed area by the Department. Moreover, the permission given herein shall not imply or confer any greater right or permission than the Department has or can hereby lawfully give.

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2. Licensee further acknowledges that this license does not convey or impute any promise, approval, consent or other authorization for the placement of any improvements on licensed property and that any such approval or consent if proffered shall be the subject of a separate agreement.

3. Licensee hereby acknowledges title in the City of Los Angeles, a municipal corporation, and said Department in said real property, and agrees never to assail or resist the same, and further agrees that Licensee's use and occupancy of said licensed area shall be referable solely to the permission herein given. Any actual construction of geothermal facilities on the Department's property shall be the subject of a separate agreement and is specifically not included in the licensed activities permitted herein.

4. Department shall provide the Licensee access to the Licensed Property for the duration of this agreement, including providing keys and/or combinations to any locked gates providing access to the LADWP Property.

5. All work in connection with the above-mentioned activities on permitted property shall be done without cost or liability to the Department, its officers, employees, or agents.

6. The Licensee may not install or construct any improvements on the LADWP Property other than temporary survey stakes, flags and other markers used to identify locations of survey benchmarks, transmission line corridors, access roads and/or environmental features. Such markers shall be removed by the Licensee at the expiration of this agreement unless the Licensor and Licensee have entered into a definitive easement agreement on the Department property.

7. This license shall commence upon execution of this license by all parties and terminate on June 30, 2009.

8. All correspondence or notices required hereunder, to the Department of Water and Power shall reference DWP File P-82384, and be sent to the following address:

Department of Water and Power
Attention Real Estate Group
P. O. Box 51111 - Room 1031
Los Angeles, California 90051-0100
FAX: (213) 367-0746
Phone (213) 367-0564

As correspondence or notices required hereunder to [the successful respondent drilling contractor, to be determined] shall reference DWP File P-82384 and be sent to the following address:

[Name of the successful respondent drilling contractor]

[Address and contact person to be complete]

Telephone Nos.: [to be complete]

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Fax No.: [to be complete]

Licensee shall notify the Department of any changes in Licensee's mailing address and daytime telephone number within ten days of changes.

9. All work done, pursuant to the terms of this License, shall be done in accordance with the terms and conditions specified in ordinances, statutes, permits, and regulations governing such instances; and the provisions of such ordinances, statutes, permits, and regulations are, by reference, made a part hereof as though incorporated verbatim herein.

10. (a) Licensee hereby acknowledges and represents that it has inspected the property, knows the condition thereof, and on behalf of itself and its successors, assigns, and contractors undertakes and agrees to indemnify and hold harmless the City of Los Angeles, the Department of Water and Power of the City of Los Angeles, the Board of Water and Power Commissioners of the City of Los Angeles, and all of their officers, agents, successors in interest, assigns, and employees (individually and collectively, "Indemnitees"), and at the option of the City Attorney's Office, defend by counsel satisfactory to the City Attorney's Office, the Indemnitees from and against any and all liens and claims of lien, suits, causes of action, claims, charges, damages (including consequential, incidental, or indirect), demands, judgments, civil fines, penalties, or losses of any kind or nature whatsoever that are incurred by or asserted against the Indemnitees, for death, bodily injury or personal injury to any person, including Licensee's employees and agents, or damage or destruction or loss of use of any property of either party hereto, or third persons in any manner arising by reason of or connected in any manner with the acts, errors, omissions to act, willful misconduct, or nonperformance or breach by Licensee of any term and/or condition of this contract, incident to the presence upon or performance of activities by Licensee or its personnel with respect to the area/property covered under this License, on the part of the Licensee, or the Licensee's officers, agents, employees, or contractors of any tier, regardless of any negligence on the part of Indemnitees, except for the active negligence or willful misconduct of the Department of Water and Power. This indemnity shall apply whether occurring during the term of this contract and any time thereafter, and shall be in addition to any other rights or remedies which Indemnitees have under law or under this License.

(b) Licensee on behalf of itself and its successors, assigns sub-Licensees further undertakes and agrees to indemnify and hold harmless the City of Los Angeles, the Department of Water and Power, the Board of Water and Power Commissioners of the City of Los Angeles, and all of their officers, agents, successors in interest, insurers, assigns and/or employees (individually and collectively, "Indemnitees"), and at the option of the Licensor, defend by counsel satisfactory to the Licensor, the Indemnitees from and against any and all liens and claims of lien, suits, causes of action, claims, charges, damages, demands, judgments, civil fines, penalties, (including but not limited to costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation, penalties and fines arising from the violation of any local, regional, state, or federal law, or regulation, disbursements, and other environmental response costs), or losses of any kind or nature whatsoever that are incurred by or asserted against the Indemnitees, for death, bodily injury or personal injury to any person, including Licensee employees and agents, or damage or destruction or loss of use of any property

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of either party hereto, or third persons in any manner arising by reason of, incident to, or connected in any manner to the acts, errors, omissions to act, willful misconduct, or non-performance or breach by Licensee of any term and/or condition of this contract, relating directly or indirectly to the release or spill of any legally designated hazardous material or waste, resulting from or incident to the presence upon or performance of activities by Licensee or its personnel with respect to the subject area/property covered under this License, on the part of the Licensee, or the Licensee officers, agents, employees, or sub-Licensee of any tier, regardless of any negligence on the part of Indemnitees, except for the sole negligence or willful misconduct of the Department of Water and Power. This indemnity shall apply whether occurring during the term of this contract and any time thereafter, and shall be in addition to any other rights or remedies which Indemnitees have under law or under this License. Claims against the Indemnitees by Licensees or its personnel shall not limit the Licensees's indemnification obligations hereunder in any way, whether or not such claims against Indemnitees may result in any limitation on the amount or type of damages, compensation, or benefits payable by or for a Licensees or its personnel under workers' compensation acts, disability benefit acts or other employee benefit acts or insurance.

11. Licensees shall obtain and keep in force during the term of this license, the insurance coverage specified in Appendix D.

12. The effective date stated herein is contingent upon satisfactory submission of the insurance requirements to the Department's Risk Manager, and approval by him.

13. Licensee shall pay for all materials placed upon, joined, or affixed to said licensed area by or at the instance of Licensee, shall pay in full all persons who perform labor upon said licensed area at the instance of Licensee, and shall not cause or permit any liens of any kind or nature to be levied against said licensed area for any work done or materials furnished thereon at the instance or request of Licensee. Licensee shall provide the Department notice in writing of any liens levied against the licensed area. Licensee shall have 15 days to cause the removal of any such liens and if such liens are not removed, the Department may pay any amount owed and cause their removal. Department may bill the Licensee for the amount paid out by the Department in removing such liens. Licensee shall have 15 days to repay the funds expended by the Department necessary to remove such lien. Failure to comply with the requirements of this section shall be considered a default and Department shall have the right but not the obligation to terminate this license. The exercise by the Department of its right to terminate under this section shall not be construed as a waiver of any of its right to any other remedy or lawful action to recover funds paid by the Department.

14. Licensee shall pay for all costs, fees, or charges for the application, installation, maintenance, use, or removal of any utilities or services required in the exercise of the permission herein given and Licensee shall be responsible for ensuring the transfer of any utilities, including water and power to Licensee's name required in the exercise of the permission herein given.

15. This license and permission herein given is personal to Licensee and is not assignable, and any attempt to do so shall be void and shall confer no right of any third party.

16. Licensee hereby acknowledges that this License is a license only and does not constitute a lease of or any interest in real property.

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17. Licensee, by executing this License and accepting the benefits hereof, understands that a property right pursuant to applicable ordinances and codes under tax law, may be created known as "possessory interest" and may be subject to property taxation. Licensee will be responsible for payment of any property taxes upon such right. Licensee herewith acknowledges that notice required by Revenue and Taxation Code, Section 107.6 has been provided.

18. Licensee shall comply with all valid laws, ordinances, statutes, rules, orders, or regulations of any agencies, departments, districts, or commissions of the State, County, or City having jurisdiction thereover. The provisions of such laws, ordinances, statutes, rules, orders, or regulations are, by reference, made a part hereof as though incorporated herein.

19. Licensee shall use only such equipment as is consistent with the terms of safety ordinances or statutes, and generally accepted safety practices.

20. Licensee is hereby notified that facilities of other licensees of the Department may exist on the subject property. Licensee shall take reasonable precautions and actions to avoid infringement, interference, or damage to all installations.

21. Licensee shall be responsible for the training of personnel under all applicable laws including, but not limited to, training with regard to the operation of equipment and the handling and disposal of hazardous materials and wastes.

22. **[the successful respondent drilling contractor]** and its consultants shall furnish the Department with copies of all findings and summary of their activities on Department property after work is completed and no later than June 30, 2009.

23. Regardless of the manner or duration of use or occupancy of said licensed area by Licensee, this license may be terminated at anytime without cause for any reason or no reason at all at the option of the Department by giving 30 days' notice of termination. Any notice hereunder to Licensee shall be given by delivering the same to Licensee personally, or by mailing the same addressed to Licensee at the address above given, or to such other address as Licensee may in writing, from time to time, direct, and the giving of notice by mail shall be complete at the time of mailing.

24. This license may be immediately revoked by the Department in the event of any failure or refusal on the part of Licensee to keep or perform any of the terms or conditions herein. Notice of revocation shall be given by delivering the same to Licensee personally or by mailing the same to Licensee. Failure by the Department to revoke this license for noncompliance of the terms or conditions by Licensee shall not constitute a waiver of the terms or conditions.

25. Upon any termination of this license, Licensee shall surrender the licensed area in a neat and clean condition. Licensee shall complete restoration of the licensed area to its original condition or better prior to termination of this license. Restoration of the licensed area shall include, but not be limited to, removal of all of the Licensee's equipment, vehicles,

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trailers, containers, signs, litter, and debris. Licensee shall remove all improvements unless otherwise instructed in writing by the Department. Licensee shall call the Department's Real Estate Business Group, (213) 367-0564, to make arrangements for a field inspection of the Property.

26. Upon expiration or termination of this license, the Department will expeditiously conduct an inspection of the licensed area to determine if restoration has been completed by Licensee. If the Department determines that restoration has not been completed upon expiration or termination of this license, the Department may restore said licensed area entirely at the risk and expense of the Licensee. The cost for said restoration by the Department will be billed to the Licensee, and Licensee agrees that it shall promptly pay the Department for the restoration costs.

27. Upon termination of the License for whatever reason, the Licensee shall be responsible, to the extent caused by or introduced onto the property as a result of the use of the property by Licensee, for all cleanup costs and expenses including, but not limited to, any fines, penalties, judgments, litigation costs, and attorneys' fees incurred as a result of any and all discharge, leakage, spillage, emission of material which is, or becomes, defined as any pollutant, contaminant, hazardous waste or hazardous substance, under all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, or imposing liability or standards of conduct concerning any hazardous substance on, under, or about the Property, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 [42 USCS §§9601 et. seq.]; the Resource Conservation and Recovery Act of 1976 [42 USCS §§6901 et. seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act [33 USCS §§1251 et. seq.]; the Toxic Substances Control Act [15 USCS §§2601 et. seq.]; the Hazardous Materials Transportation Act [49 USCS §§1801 et. seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USCS §§136 et. seq.]; the Superfund Amendments and Reauthorization Act [42 USCS §§6901 et. seq.]; the Clean Air Act [42 USCS §§7401 et. seq.]; the Safe Drinking Water Act [42 USCS §§300f et. seq.]; the Solid Waste Disposal Act [42 USCS §§6901 et. seq.]; the Surface Mining Control and Reclamation Act [30 USCS §§1201 et. seq.]; the Emergency Planning and Community Right to Know Act [42 USCS §§11 001 et. seq.]; the Occupational Safety and Health Act [29 USCS §§655 and 657]; the California Underground Storage of Hazardous Substances Act [H&SC §§25280 et. seq.]; the California Hazardous Substances Account Act [H&SC §§25300 et. seq.]; the California Hazardous Waste Control Act [H&SC §§25100 et. seq.]; the California Safe Drinking Water and Toxic Enforcement Act [H&SC §§24249.5 et. seq.]; the Porter-Cologne Water Quality Act [Wat. C. §§13000 et. seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to hazardous substances on, under, or about the Property, including ambient air, soil, soil vapor, groundwater, surface water, or land use. Said cleanup shall be accomplished to the satisfaction of the Department and any governmental body having jurisdiction there over.

28. This contract is subject to the applicable provisions of the Living Wage Ordinance (LWO), Section 10.37 et seq. of the City of Los Angeles (City) Administrative Code as amended. The Ordinance requires that, unless

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specific exemptions apply, all employers (as defined) under contracts primarily for the furnishing of services to or for the City and that involves an expenditure or receipt in excess of \$25,000 and a contract term of at least three months; Licensee or certain recipients of City financial assistance, generally, shall provide the following:

- (a) Payment of a minimum initial wage rate to employees as defined in the LWO.
- (b) Provision of compensated days off annually for sick leave, vacation or personal necessity at the employee's request, and additional days annually of uncompensated time off for sick leave as prescribed in the LWO.

Under the provisions of Section 10.37.5(c) of the Los Angeles Administrative Code, the City shall have the authority, under appropriate circumstances, to terminate this contract and otherwise pursue legal remedies that may be available if the City determines that the subject Licensee or financial assistance recipient violated the provisions of the referenced Code Sections. For additional information, please contact the Office of the City Administrative Officer at (213) 978-7650.

29. This license is subject to Section 10.10, Article 1, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders. Said ordinance is incorporated by reference as though fully set forth herein. Failure to comply with this ordinance shall constitute a default of the license subjecting the license to termination where such failure shall continue for more than ninety days (90) after such notice of such failure to Licensee by Licensor or City.

30. This License shall be interpreted, governed by, and construed under the laws of the State of California or the laws of the United States, as applicable, as if executed and to be performed wholly in the State of California.

31. An action brought to enforce this License shall commence in a court of competent jurisdiction in Los Angeles County where this License was entered into.

32. The Parties do not intend to create rights in or grant remedies to any Third Party as a beneficiary of this License or of any duty, covenant, obligation, or undertaking established under this License.

33. Any waiver at any time by either Party of its rights with respect to a default under this License, or with respect to any other matter arising in connection with this License, shall not be deemed a waiver with respect to any subsequent default or other matter arising in connection therewith. Any delay in assessing or enforcing any right, shall not be deemed to be a waiver of such right, provided that all applicable statutory periods of limitation shall apply.

34. Each Party and its counsel have participated fully in the review and preparation of this License. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in

Appendix C

(Rev 1/31/07)

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interpreting this License. The language in this License shall be interpreted as to its fair meaning and not strictly for or against either Party.

35. This License may be executed at different times in one or more counterparts, each of which shall be regarded as an original and all of which, taken together, shall constitute one and the same License.

36. Each party to this License shall bear its own attorney's fees and costs in resolving this dispute and in the event of a dispute as to this License.

37. The signatories below represent that they have been appropriately authorized to enter into this License on behalf of the party for which they sign. This License is hereby executed as of the ____ day of _____, 2008.

Dated _____

DEPARTMENT OF WATER AND POWER OF
THE CITY OF LOS ANGELES

APPROVED:

ARAM BENYAMIN -
Senior Assistant General Manager-
Power System
Power System

By _____
H. DAVID NAHAI
Chief Executive Officer
and General Manager

LICENSOR

[THE SUCCESSFUL RESPONDENT DRILLING CONTRACTOR]

By _____
[Name]
[Title]

LICENSEE

Appendix D

CONTRACT INSURANCE REQUIREMENTS -- DEPARTMENT OF WATER AND POWER For Contractors, Service Providers, Vendors, and Tenants

Agreement/Activity/Operation: SCPPA to Hire Well Drilling Contractor - Geothermal Exploration
 Reference/Agreement: SCPPA RFP for Frink Land Well Drilling
 Term of Agreement: _____
 Contract Administrator and Phone: _____ To be determined
 Buyer and Phone Number: _____
 Risk Manager /Date: _____ AMN/11-21-07

Contract-required types and amounts of insurance as indicated below by checkmark are the minimum which must be maintained. All limits are Combined Single Limit (Bodily Injury/Property Damage) unless otherwise indicated. Firm 30 day Notice of Cancellation required by Receipted Delivery.

PER OCCURRENCE LIMITS

- (x) WORKERS' COMPENSATION(Stat. Limits)/Employer's Liability: (\$1,000,000.00)
 (x) Broad Form All States Endorsement () US L&H (Longshore and Harbor Workers)
 () Jones Act (Maritime Employment) () Outer Continental Shelf
 (x) Waiver of Subrogation () Black Lung (Coal Mine Health and Safety)
 () Other: _____ () Other: _____
- (x) AUTOMOBILE LIABILITY: (\$1,000,000.00)
 (x) Owned Autos () Any Auto
 (x) Hired Autos (x) Non-Owned Auto
 () Contractual Liability (x) Additional Insured
 () MCS-90 (US DOT) () Trucker's Form
 () Waiver of Subrogation () Other: _____
- (x) GENERAL LIABILITY: () Limit Specific to Project () Per Project Aggregate (\$2,000,000.00)
 (x) Broad Form Property Damage (x) Contractual Liability (x) Personal Injury
 (x) Premises and Operations (x) Products/Completed Ops. (x) Independent Contractors
 () Fire Legal Liability () Garagekeepers Legal Liab. () Child Abuse/Molestation
 () Corporal Punishment () Collapse/Underground () Explosion Hazard
 () Watercraft Liability () Pollution (x) Addition Insured Status
 () Waiver of Subrogation () Airport Premises () Hangarkeepers Legal Liab.
 () Marine Contractors Liability () Other: _____ () Other: _____
- () PROFESSIONAL LIABILITY: () _____
 () Contractual Liability () Waiver of Subrogation () 3 Year Discovery Tail
 () Additional Insured () Vicarious Liability Endt. () Other: _____
- () AIRCRAFT LIABILITY: () _____
 () Passenger Per Seat Liability () Contractual Liability () Hull Waiver of Subrogation
 () Pollution () Additional Insured () Other: _____
- () PROPERTY DAMAGE: () Loss Payable Status (AOIMA) () _____
 () Replacement Value () Actual Cash Value () Agreed Amount
 () All Risk Form () Named Perils Form () Earthquake: _____
 () Builder's Risk:\$ _____ () Boiler and Machinery () Flood: _____
 () Transportation Floater:\$ _____ () Contractors Equipment\$ _____ () Loss of Rental Income: _____
 () Scheduled Locations/Propt. () Other: _____ () Other: _____
- () WATERCRAFT: () _____
 () Protection and Indemnity () Pollution () Additional Insured
 () Waiver of Subrogation () Other: _____ () Other: _____
- (x) POLLUTION: () _____
 () Incipient/Long Term (x) Sudden and Accidental (x) Additional Insured
 () Waiver of Subrogation (x) Contractor's Pollution () Other: _____
- () CRIME: () Joint Loss Payable Status () Additional Insured () _____
 () Fidelity Bond () Financial Institution Bond () Loss of Monies/Securities
 () Employee Dishonesty () In Transit Coverage () Wire Transfer Fraud
 () Computer Fraud () Commercial Crime () Forgery/Alteration of Docs.
 () Other: _____ () Other: _____
- () ASBESTOS LIABILITY: () Additional Insured () _____

ENCROACHMENT PERMIT APPLICATION**APPLICANT INFORMATION – Please Print Clearly**

1. Applicant Name or Agency (City/County/Governmental (if applicable): <input type="checkbox"/> Exempt:		E-Mail:
Address:	Phone No:	Fax No:
2. Owner or Operator Name (If Different From Applicant):		E-Mail:
Address:	Phone No:	Fax No:

TYPE OF ENCROACHMENT

3. Type of Encroachment (Check all that apply)

<input type="checkbox"/> Parallel	<input type="checkbox"/> Waste Discharge	<input type="checkbox"/> Private Crossing /Crossing	<input type="checkbox"/> NPDES Permit # _____	<input type="checkbox"/> Other (specify): _____
<input type="checkbox"/> Drainage Outlet	<input type="checkbox"/> Tile Line Outlet	<input type="checkbox"/> Tailwater Discharge	<input type="checkbox"/> Temporary/Term #days _____	
<input type="checkbox"/> Power Facility	<input type="checkbox"/> Farm Entrance	<input type="checkbox"/> Water Supply	<input type="checkbox"/> Compliance/Violation	
<input type="checkbox"/> Service Pipe:	Pipe Size: _____	Use: <input type="checkbox"/> Ag <input type="checkbox"/> Residential <input type="checkbox"/> Commercial <input type="checkbox"/> Industrial <input type="checkbox"/> City Water Available		

4. Encroachment Affecting Other Agency? <input type="checkbox"/> Caltrans <input type="checkbox"/> Railroad <input type="checkbox"/> County <input type="checkbox"/> Municipal <input type="checkbox"/> Other _____

PROJECT INFORMATION

5. Project Description (Describe work or activity within Right of Way – Use backside of sheet if more room is needed):

6. Estimated Construction Start Date:		Completion Date:
7. Address:		City:
8. Assessor Parcel Number(s):		
9. Legal Description (may be attached):		
Section:	Tract:	Township:
		Range:
Subdivision Name:		Block:
		Lot:
10. Canal:	Delivery Gate:	Drain:
IID Drawing No.:	IID Drawing No.:	IID Drawing No.:
11. Distance to Closest Canal delivery gate (feet):		12. Distance to Closest County Road/City Street (feet):

FEE SCHEDULE:

- ☐ **Non-refundable \$250 Application Fee (Exempt agencies excluded)**
- ☐ **Estimated Fees.** Includes review, inspection and as-built/record drawing fees. Review, inspection and as-built fees will be determined after review of the application. *Additional fees may be due after resolution of costs.*
- ☐ **Penalty Fees:** A fee will be assessed when encroaching facilities are installed without prior permit authorization. The fee shall be double the total normal fees noted above and would increase by a factor of 1 for each offense thereafter. Fee exempt agencies and facilities may be subject to this fee. If the fee is applied to such an agency or facility, the fee would be applied at the same rate as if the fee exemption were not in place.

PROJECT SUBMITTALS

- ☐ **Eight (8) drawing sets** (each set must include plan and profile views) Note: Plan sheets that pertain to District facilities
- All drawings must include: a) Project location b) Elevation with benchmark used and tied to the District's datum c) Distance from District facilities both vertically and horizontally.
 - Large project submittals:** In addition to the above, all plan pages containing information regarding encroachment(s) shall be tabbed. Encroachments shall be clearly highlighted in fluorescent marker for further clarification. District standard facility drawings must be submitted when applicable including Utility Crossing (L-3086), Tail water or Storm water Discharge into Drains (12F-6855), and Service Pipe (20F-1394), and must meet the minimum requirements specified in those drawing details. The appropriate data must be filled in where indicated on the standard drawing detail.
Provide copies of the following: a) Right of way documents (either existing or required for the country roads b) County road access permits c) California Regional Water Quality Control Board (CRWQCB) permits for point source discharge into IID's system d) California Environmental Quality Act (CEQA) documents e) National Environmental Protection Act (NEPA) documents and f) other relevant documents as necessary.
 - Provide copies of construction survey field notes relevant to encroachment, including a) benchmark and stationing used and tied to the District's datum b) as-built plans. Please note that after construction of any encroachment, the applicant is required to submit as-built plans.

The undersigned applicant and owner/operator hereby applies for permission to encroach on Imperial Irrigation District (District) right of way or District owned property in the County of Imperial or County of Riverside and agrees to do the work in accordance with District permitting requirements, Rules and Regulations. The undersigned owner/operator acknowledges that the issuance of the permit will not occur until all conditions and requirements have been met. If approved, the applicant will comply with the "General Provisions" attached hereto and "Special Provisions" to be determined from the processing of the permit application.

13. Applicant Signature:	14. Print or Type Name:	15. Title:	16. Dated:
17. Owner or Operator Signature:	18. Print or Type Name:	19. Title:	20. Dated:

Appendix E

IID901 (R03 06-07)

GENERAL PROVISIONS

1. **ACCEPTANCE OF PROVISIONS.** Permittee's engagement in any activity under this permit shall constitute an acceptance of these provisions.
2. **DISTRICT TITLE.** This permit only relates to encroachment on the District's right of way. The District has title to the right of way based upon recorded right of way deeds and/or implied dedication. This permit does not address encroachment on the real property or right to real property belonging to any other entity. The District makes no warranty concerning this encroachment and the real property, or the right to real property belonging to any other entity. Permittee places this encroachment at its own risk.
3. **KEEP PERMIT ON THE WORK.** This permit shall be kept at the site of the work and must be shown to any representative of the District.
4. **ADDITIONAL AUTHORIZATION.** Permittee shall secure written authorization, order or consent, prior to the performance of any work hereunder, from any private or public entity, or other lawful authority which may pertain to the use of the right of way or real property and the type of activity for which this permit is granted. This permit shall be suspended in operation unless and until such authorization, order or consent is obtained.
5. **MAINTENANCE.** Permittee shall exercise reasonable care to maintain properly any encroachment placed by it in the right of way and to exercise reasonable care in inspecting for and immediately repairing and making good any damage to any portion of the right of way as a result of activities performed under this permit, including any and all damage to the right of way which would not have occurred had such work not been done or such encroachment not placed therein. The District shall not be held responsible for any damage to any improvements or facilities installed by Permittee under this permit, whether said damage is caused by the District or its agent or otherwise.
6. **CLEAN UP RIGHT OF WAY.** Upon completion of any activity under this permit, the right of way shall be placed in the same condition or better than it was immediately prior to the work. For example, all brush, timber, scraps, trash and material shall be entirely removed and the right of way let in as presentable condition as before work started.
7. **CONSTRUCTION.** All construction activity pursuant to this permit shall conform to recognized construction. All of the work shall be done subject to the supervision of, and to the satisfaction of, the District.
8. **FUTURE MOVEMENT OF WORK OR INSTALLATION.** Whenever the District desires to construct, reconstruct or do maintenance work on District facilities on the right of way, or to use the right of way for any purpose, the Permittee shall, upon request of the District, immediately move, remove, relocate or otherwise change, any improvements, work or installation on the right of way, all at the sole expense of the Permittee.
9. **INDEMNITY.** The Permittee shall, to the fullest extent permitted by law, indemnify and save the District free and harmless of and from all claims, demands, losses, and liability, including cost and legal fees, arising directly or indirectly out of obligations undertaken in connection with this permit, excepting only claims arising from the sole negligence or misconduct of the District.
10. **INSURANCE.** Permittee shall be required to obtain commercial general liability insurance, naming Permittee as insured and the District as additional insured, with total limits of any amount up to \$2,000,000 per occurrence and \$2,000,000 general aggregate. Permittee's failure to obtain such insurance when required shall be a material breach of this permit.
11. **BOND.** At any time, at the judgment of the District, Permittee may be required to obtain a bond, in an amount equal to the value of work or improvements constructed or activities performed by Permittee. Permittee's failure to provide a bond when requested shall be a material breach of this permit.
12. **NO HAZARDOUS MATERIALS/WASTE OR SPILLS.** Storage and/or disposal of any hazardous material(s) or hazardous waste(s) on to this right of way are expressly forbidden. Any spills of a hazardous material or hazardous waste used or produced during the permitted activity is to be cleaned up immediately by the Permittee, at their expense. The District's Hazardous Materials Unit is also to be notified in the event of a hazardous release by contacting either the District's Power Dispatch: (760) 339-0510 or Water Dispatch: (760) 339-9381. The District has the absolute right to immediately suspend an operation that does not adhere to these requirements, or is found in violation of any Local, State, or Federal Environmental Regulations, until the problem is adequately or completely resolved.
13. **CONDITIONS FOR SERVICE PIPE INSTALLATION.** Prior to installation of service pipes the following conditions are required: 1) The District's Utility Work Coordinator shall be notified 48-hours prior to start of work at (760) 339-9169, 2) DHS Approved Provider alternative water delivery service for all business or residential structures receiving only canal water, 3) installation of a District approved locking device/shut-off valve (to facilitate disconnection should the water user fail to comply with District regulations and/or SDWA requirements) within District or Imperial County right-of-way, 4) The District recommends that each structure or property install its own service pipe or design the layout in a manner that would allow District to shut off service to a single structure, property, and/or water user within District or Imperial County right of way. Based on current District procedures, all water users sharing service pipes are at risk of being disconnected should any single water user on a common pipe fail to comply with SDWA requirements.
14. **AS-BUILT DRAWINGS.** The Engineering Services of the Water Department requires that the Encroachment Permit Applicant submits the As-Built Drawings to update District Drawings. Applicant is given 30 days from the completion of the construction to submit this requirement. If after 30 days these As-Built Drawings have not been submitted, the Engineering Services will perform this task and charge the Applicant accordingly.
15. **NOTIFICATION.** Permittee shall notify the District's Inspector at (760) 339-9888 at least 48 hours prior to start of work. In addition, Permittee shall not make or allow any excavation or fill to be made WITHOUT FIRST NOTIFYING IMPERIAL IRRIGATION DISTRICT by calling 1-800-422-4133 (Underground Alert), and OBTAINING PERMISSION.

Appendix E

IID901 (R03 06-07)

16. **PRECEDENCE.** The terms of this encroachment permit take precedence over and supersede all other agreement between the IID and permittee concerning the obligations undertaken in connection with this permit.
17. **DRAINAGE OUTLETS.** All drainage outlets shall be installed in conformance with District Standard drawing 12F-6855 (Sheets 1-7). As noted within these drawings, all non-agricultural discharge facilities require a valve to prevent the backflow of water from IID's drainage system into the discharging system.

Appendix F

BIDDER'S BOND

(Not necessary when Check accompanies bid. See below*)

SURETY BOND

We, the undersigned principal and surety, acknowledge ourselves jointly and severally bound to the Southern California Public Power Authority (SCAPPA), in the sum of _____ Dollars (\$ _____), to be paid to said SCAPPA if the attached proposal shall be accepted and the proposed contract awarded to said bidder, and said bidder shall fail to execute the contract and bond for the faithful performance thereof; otherwise this obligation to be void.

Dated _____, 20____

Firm Name _____

By _____
(Signature)**

(Surety) _____

By _____
(Signature)

If Annual Bid Bond is on file with SCPPA, please so state _____

* If bidder submits a check in lieu of a bond, the check must be certified by a responsible bank, or a cashier's check issued by a responsible bank.

** This bond shall be signed in ink by an individual, partner, or officer of the corporation authorized to bind the corporation, depending upon the legal nature of the bidder.

If check is submitted herewith, state number _____ and amount \$ _____

Note: This bond shall be accompanied by a current copy of the surety's license issued by the Department of Insurance of the State of California.