

Conditions of Approval with respect to Drilling a Geothermal Resources Well (Form G-101)

Lightning Dock Geothermal HI-01, LLC (Permit GTHT-1)

Federal Lease NM-34970 in the Lightning Dock Known Geothermal Resource Area

Class V Injection Well LDG 13-7

To be located 1537 feet from the North line and 504 feet from the West line (Unit E) of Section 7 in Township 25 South, Range 19 West NMPM, Hidalgo County, New Mexico

1. The operator (Lightning Dock Geothermal HI-01, LLC) must obtain a well bond approved by the Oil Conservation Division (OCD) prior to any drilling activity.
2. This injection well shall be drilled and completed as described in the operator's application (Forms G-101, G-102, G-104, G-112, and associated attachments) dated June 16, 2015.
3. Drilling pits must be constructed with liners capable of withstanding elevated temperatures associated with geothermal activity and otherwise meet all pertinent requirements of 19.15.17 NMAC. All wastes must be properly handled, managed, and disposed.
4. This well shall not be intentionally deviated except toward the vertical without prior approval from the OCD using a G-103 sundry notice with copies of that notice simultaneously provided to geothermal operators on offsetting tracts, if any. Deviations may result in the need for downhole directional surveying.
5. A successful mechanical integrity test (MIT) along with a cement bond log of the well is required before injection can occur. The MIT shall consist of a 30-minute pressure test at 600 psig on the 7" diameter surface casing. The pass/fail criteria for this test is no more than a 10% loss in pressure using a recorded calibrated no more than 90 days prior to the MIT. A G-103 sundry notice must be provided to and approved by the OCD in advance of the MIT and the OCD must be given sufficient notice such that the test can be observed.

This approval does not relieve the operator from responsibility should its operations pose a threat to public health or the environment, nor does it relieve the operator of compliance with any other federal, state, or local requirements.

