June 11, 2014

Dale Rundquist
Compliance Project Manager
Energy Facilities Siting Division
1516 Ninth Street, MS 2000
Sacramento, CA 95814-5512

Re: Extension request of the Application for Certification (02-AFC-2C) for the Black Rock 1, 2, And 3 Geothermal Power Project

Dear Dale:

CE Obsidian Energy LLC ("CE Obsidian") respectively requests a five-year extension to an existing revised permit (referenced above) that was approved by the California Energy Commission on November 14, 2011. The revised permit allows for the construction of a 159 MW geothermal energy plant near the Salton Sea in Imperial County. The proposed extension request is from December 18, 2014, to December 18, 2019.

The currently approved application for certification was revised and approved November 14, 2011. The license was extended through December 18, 2014, via a request submitted August 3, 2011. Due to circumstances beyond the control of CE Obsidian, it is extremely unlikely that we can commit to begin construction of the plant by December 2014. The primary challenges involved which have delayed project progress have been resolution of electrical transmission with the Imperial Irrigation District ("IID"), and obtaining a power purchase agreement ("PPA")

CE Obsidian maintains assigned generator interconnection agreement with the IID and has paid development costs of approximately $1.7 million. CE Obsidian continues to pursue a transmission service agreement with IID, which is also required to allow transmission of the plant electrical generation. The transmission challenge to overcome is the timing of final commitments by all projects within the IID cluster. Currently, confirmation of final cost and IID cluster participants is not expected until participants elect to proceed with secured PPAs. CE Obsidian is anxious to implement project financing after a solid commitment by the IID is in place to build the necessary transmission infrastructure.

The second challenge to overcome prior to CE Obsidian securing financing is to obtain a PPA for the sale of electricity from the Black Rock 1, 2, and 3 Geothermal Power Project. CE Obsidian is actively participating in a selection process by three separate investor-owned utilities ("IOU"). The timing of each of these may take until the end of 2017 to reach a signed agreement on any one of these. Following a signed agreement, the process will be to submit the contract to the California Public Utilities Commission ("CPUC") for approval, which can take six or more months to complete. CE Obsidian does not expect to close on project

CEOBSIDIAN ENERGY LLC
7030 Gentry Road, Calipatria, California 92233
(760) 348-4025 or (760) 348-4061 Fax: (760) 348-4069

financing until the CPUC approves the power purchase agreement. A forecast for CPUC approval is around the end of 2017.

Finally, there is current Senate Bill 1139 pending in the California legislation that mandates the CPUC to instruct the IOUs to procure 500 megawatts of geothermal electricity from state-wide California resources. 250 megawatts must be procured from new generating plants by 2019 and the remaining 250 megawatts by 2024. The bill has already passed the senate and is in committees on the house side. If passed in committee and on the assembly floor for vote in August 2014, CE Obsidian's Black Rock 1, 2, and 3 will be uniquely positioned to meet the conditions of this new legislation, provided our license is amended to support the timeline of Senate Bill 1139.

CE Obsidian continues to pursue the project as viable and keep focused on maintaining the critical path of the schedule. Current business conditions have been considered in setting the requirement to obtain a PPA approval by the CPUC and a firm cost commitment transmission agreement with IID prior to securing project financing. Based on the known schedule of the approvals and agreements, we are requesting the permit be extended for five years.

Given the critical importance of developing new energy supplies in California, especially for facilities that involve the generation of renewable, environmentally responsible electricity, we believe that an extension of the permit is clearly in the best interest of all Californians. As such, we respectfully request that the California Energy Commission consider extending the permit for the Black Rock 1, 2, and 3 Geothermal Power Project for five years, from December 18, 2014, to December 18, 2019. We are hopeful that with the additional time we can overcome the project challenges that have prevented construction of the new generation facility to date.

We are anxious to discuss this matter with you and your staff in greater detail and urge you to contact us at your earliest convenience. Randy Keller, our Director of Development, Transmission and Land, can be reached at 760-485-8845 or via email at randy.keller@calenergy.com.

Sincerely,

Stephen A. Larsen
President
CE Obsidian Energy
Office: (760) 348-4221

cc: Doug Kusyk
Randy Keller
file L.1.012

CEOBSIDIAN ENERGY LLC
7030 Gentry Road, Calipatria, California 92233
(760) 348-4025 or (760) 348-4061 Fax: (760) 348-4069