October 10, 2011

Bottle Rock Power, LLC
P.O. Box 326
Cobb, Ca. 95426

Attn: Ms. Samantha Huggins


Dear Ms. Huggins:

Plant Reclamation respectfully submits the following Bottle Rock Power Plant and Steam Field decommissioning budget estimate. These estimates may vary 15% to 20% based on conditions that may exist at the time of decommissioning. Conditions being referred to include the current value of scrap metal, the permit costs and time frames associated with obtaining the permits, a change in environmental compliance criteria and other similar type factors.

The estimates are described per the decommissioning scope submitted on October 6, 2011 and our site visit. The estimates provided are calculated in 2011 dollars and are subject to revision as economic conditions change in the future.

1: Removal of all machinery and equipment in the turbine building. $ 425,000.00
2: Removal of Cooling Tower and Feed Water Pump Facility. $ 215,000.00
3: Removal of Stretford Facility. $ 185,000.00
4: Removal of Miscellaneous Buildings at Main Plant Site. $ 65,000.00
5: Removal of Turbine/Generator Water Circulating System. $ 82,000.00
6: Removal of Steam Field Piping. $ 305,000.00
7: Removal of all Equipment remaining at 3 Well Sites. $ 140,000.00
8: Abatement and Decontamination of Steam Field Piping. $ 195,000.00
9: Backfill and Re-vegetate 3 Well Sites. $ 255,000.00
10: Backfill and Rough Grade Pits and Basements at Main Plant. $ 375,000.00

Total estimated cost: Two Million Two Hundred Forty Two Thousand Dollars ($2,242,000.00).

Total estimated scrap recovery value: One Million One Hundred Fifty Thousand Dollars ($1,150,000.00).
The decommissioning budget estimate is based on the following conditions:

1: Owner to supply water for fire safety and dust control.
2: Owner to be responsible to provide power to turbine building in order to facilitate the use of the overhead crane.
3: All structures on site to be removed to top of slab or pad level except the turbine/generator building, the office building and the standby generator building.
4: All concrete, rubble and non hazardous debris generated during dismantling can be placed in pits, voids and basements located onsite.
5: No engineering, compaction or import of backfill is included in this estimate. Backfill of pits, voids and basements will be done with onsite borrow source material.
6: Contractor will be responsible to obtain Cal/OSHA and Air Quality permits. All other permits, reports, surveys, plans, sampling, agency negotiations or any other necessary or required authorization from any agency or party necessary to perform the work is not included in this estimate.
7: Owner will be required to perform all utility isolation and electrical isolation. All power to lighting systems and overhead cranes to be the responsibility of owner.
8: Removal, transportation, disposal and handling of hazardous wastes/materials is not included in this estimate. Demolition of the Cooling tower and Stretford unit is included however in the estimate.
9: Estimate does not include closure of wells.
10: All salvage material to become property of owner. Owner to be responsible for the sale, transportation and loading of such. Contractor will address this item if requested to do so and will provide credit to owner upon negotiation.
11: Estimate does not include re-grading site for storm water run off control and management. SWPP to be the responsibility of owner.
12: All debris to be considered Class III non hazardous demolition debris and can be disposed of as non hazardous demolition debris.
13: Estimate assumes contractor has unimpeded access to the site to perform the work.
14: All decontamination and cleaning of plant processes will be either performed by owner or will be performed on a reimbursable basis by contractor. Estimates do not include decontamination, cleaning, sampling, testing or other hazardous waste or material handling, transportation, disposal or processing costs.
15: Below grade demolition work requested by owner to be performed on a time and material reimbursable basis.
16: Estimated time frame to complete the work is 8 to 12 months.

SCHEDULE:

The order of magnitude budget is based on the following:
  Conduct all phases of the site clearing operation with one mobilization.
  Working a 4/10 work schedule.
  Crew of 12 to 14 people required.
  Work completed in 8 to 12 months.

ASSET RECOVERY VALUES:
The facility assets contain recoverable values that can be offset some of the site clearing cost. The recoverable values can be achieved through the removal of the ferrous and non-ferrous materials. Currently the order of magnitude estimate will be based on an unknown number of tons of recoverable assets. As of the date of this estimate the current recovery value is approximately One Million One Hundred Fifty Thousand Dollars ($1,150,000.00). This will generate a credit back to Bottle Rock Power LLC.

SUMMARY:

The order of magnitude estimate is plus or minus 15% to 20% and are based on current market and site conditions. Please be aware conditions such as asset recovery values, fuel, overhead, labor costs and changes in site and other items can impact a project of this size drastically in either direction based on when the project is actually performed. Asset recovery values used for the basis of the budget presented are provided by the American Metal Market and local recycle brokers in our region.

The order of magnitude estimates we have provided are from our past experience and knowledge directly related to this type of project. Plant Reclamation has been in the dismantling business since 1972 and headquartered in Richmond, California. We are one of the top specialty contractors in the United States concentrating in industrial demolition, abatement, remediation and asset recovery. The company conducts work both domestically and internationally.

Plant Reclamation’s work experience has been accomplished throughout the refining, chemical, manufacturing, power generation, steel mill mining and lumber industries. The following are some of the related projects requiring complete site clearing, abatement and demolition that Plant Reclamation has performed:

CCPA Geothermal Power Plant  
Barrick Gold Company-El Indio Mine, Chile  
Homestake Mining Company-Lower Lake, California  
Certain Teed-Granular Mining and Manufacturing-Sacramento, California  
ConocoPhillips  
Chevron  
Tesoro  
Shell  
Valero  
Alcoa-California  
Hamilton AFB- Novato, California  
Zeneca Chemical Company-Richmond, California

We are California Licensed Contractors #518628 and conform to all rules and regulations, both Federal and State, pertaining to same. We are bondable and have available in excess of ten million dollars ($10,000,000.00) in liability insurance and compensation insurance as required by law.

I hope this meets with your approval and thank you for the opportunity to be of assistance.

Sincerely,

912 Harbour Way South • Richmond, California 94804 • 510.233.6552 • Fax 510.237.6739
Fred Glueck

Fred Glueck
Plant Reclamation