IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

FILED
MAY 31 2006
STATE ENGINEER'S OFFICE

IN THE MATTER OF APPLICATION NUMBER...**73661**.....,

FILED BY **Nevada Power Company and Sierra Pacific Power Company,**

ON.....**December 30**....., **2005**...., TO APPROPRIATE THE WATERS OF ....**an underground source**.....

} PROTEST

Comes now.. .... Ross E. de Lipkau, agent for White Pine Energy Associates, LLC, a Delaware limited liability company...
Printed or typed name of protestant

whose post office address is.....P.O. Box 2790, Reno, Nevada 89505.....
Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is .....Electric generation production..... and protests the granting of Application Number .....73661....., filed on .....December 30....., 2005..... by ....Nevada Power Company and Sierra Pacific Power Company.....to appropriate the waters of .....an underground source..... .....situated in .....White Pine .....
Underground or name of stream, lake, spring or other source

County, State of Nevada, for the following reasons and on the following grounds, to wit:

.....Refer to Exhibit A attached hereto.....

THEREFORE the Protestant requests that the application be .....**DENIED**.....
Denied, issued subject to prior rights, etc., as the case may be

and that an order be entered for such relief as the State Engineer deems just and proper.

Signed .....
Agent or protestant

.....Ross E. de Lipkau.....
Printed or typed name, if agent

Address.....P.O. Box 2790.....
Street No. or P.O. Box No.

.....Reno, Nevada 89505.....
City, State and Zip Code No.

Subscribed and sworn to before me this 31st day of May, 2006.

Cynthia L. McTier
Notary Public

State of.....Nevada.....

County of ....Washoe.....

Notary Public State Of Nevada
COUNTY OF WASHOE
CYNTHIA L. McTIER
My Appointment Expires
No. 00-65069-2 Nov. 15, 2007

✚ **$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.**

ALL COPIES MUST CONTAIN <u>ORIGINAL</u> SIGNATURE.

EXHIBIT A TO PROTEST

NRS 533.370(4) reads in part as follows:

> Where there is no unappropriated water in the proposed source of supply, or where its proposed use or a change conflicts with existing rights..., or threatens to prove detrimental to the public interest, the State Engineer shall reject the application and refuse to issue the requested permit. (emphasis added)

All of the above-listed statutory criteria which mandates the State Engineer to cancel the applications are present. Only one element, or criterion, is necessary for the State Engineer to deny an application.

1. **Unappropriated water.** Unquestionably there is no unappropriated water in Steptoe Groundwater Basin, assigned Groundwater Basin #179 by the State Engineer. On September 21, 1979, the State Engineer entered his Designation Order #731. The State Engineer designates a groundwater basin(s) when existing groundwater permits, together with applications seeking to appropriate groundwater exceed the perennial yield. The Steptoe Groundwater Basin is therefore fully appropriated. Protestants hereby incorporate the State Engineer's inventory of groundwater rights for the Steptoe Basin. Simply stated, there is not any unappropriated groundwater for the applicant.

2. **Adverse effect and conflict upon existing rights.** The granting of Application #73661 would certainly have a detrimental effect upon Permit #72728. The effect would be most adverse, as the applicant seeks the identical point of diversion as does previously granted Permit #72728. The well to be drilled pursuant to Permit #72728 is intended to be utilized as a production well by Protestant, thereby placing the water to a beneficial use for power production

purposes. It is unreasonable for the applicant to file for the identical point of diversion as a prior permitted right. A conflict and direct adverse effect with existing rights definitely occurs.

3. Detrimental to the public interest:

A. Protestant entered into a certain Interim Development Agreement with White Pine County to utilize the water rights here involved. Attached hereto is the contract (Exhibit 1), together with the Amendment (Exhibit 2).

B. Protestant has expended several million dollars toward the development of its power project, and the acquisition of the various permits required to construct and operate a power project.

C. There is no written contract between White Pine County and the Applicant.

D. There is no written agreement between Protestant and Applicant for the shared or joint use of the same well.

Wherefore, it is respectfully requested the State Engineer exercise his statutory authority and forthwith deny Application 73661. An administrative hearing before the State Engineer is not required.

EXHIBIT A

EXHIBIT 1

BOOK 379 PAGE 145

NO FEE COUNTY FILE 319797
FILED FOR RECORD
AT THE REQUEST OF
ECONOMIC DIVERSIFICATION Council - Karen RAYNA
2004 MAR -1 PM 4:05

RECORDED IN BOOK 379 PAGES 145-156
MARTHA VERA SINDELAR
WHITE PINE COUNTY RECORDER

319797

WHITE PINE COUNTY RECORDER'S OFFICE

DOCUMENT NO. 319797

BOOK 379 PAGE 145-156

DATE March 1, 2004

INTERIM DEVELOPMENT AGREEMENT

This Interim Development Agreement (the "Agreement") is between White Pine Energy Associates, LLC, a Delaware limited liability company ("WP Energy") and White Pine County, Nevada, a political subdivision of the State of Nevada, established pursuant to the laws of the State of Nevada ("White Pine") and is dated February 25, 2004.

RECITALS:

This Agreement is made with reference to the following facts and understandings among others:

A. WP Energy and White Pine have discussed the feasibility of WP Energy developing and constructing an electric generation power plant to be located within White Pine County with related facilities, including, without limitation, electrical transmission facilities and railroad facilities located both within and outside White Pine County (collectively referred to herein as the "Project").

B. White Pine is interested in promoting the Project in order to protect and promote the health, welfare and safety of its citizens and the citizens of the State of Nevada and to retain and promote private industry and commerce with the resultant higher level of employment and economic activity and stability.

C. WP Energy wishes to review, analyze, perform studies on and procure data on the feasibility of the Project.

D. White Pine is the owner of Permits 45834-45855, inclusive, approved by the Division of Water Resources, State Engineer, Department of Conservation and Natural Resources, State of Nevada, for the total combined annual duty of up to 25,000 acre-feet (the "Water Rights").

E. White Pine's agreement with White Pine Generating Company, LLC dated September 12, 2001 regarding the Water Rights has been terminated or otherwise expired.

F. White Pine wishes to ensure that the Water Rights remain available for a power project, whether constructed by WP Energy or any other person or entity.

G. White Pine wishes that, regardless of the nature of or the progress of the development work on the Project or the construction and operation of the Project, White Pine's ongoing commitments will not be negatively impacted.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby the parties agree as follows:

1. Definitions. For the purposes of this Agreement, the following terms have the following meanings:

(a) "BLM FLPMA Application" means an application filed with the Bureau of Land Management under the Federal Land Policy and Management Act to patent the Project site and grant other easements required to construct and operate the Project.

(b) "PSD Permit Application" means an application to obtain a Prevention of Significant Deterioration Permit under the Federal Clean Air Act.

2. Term. The term of this Agreement shall be twenty-four (24) months from the date set forth above. WP Energy has the right to terminate the term of this Agreement pursuant to the provisions of section 9(a) below and White Pine has the right to terminate this Agreement pursuant to the terms of section 9(d) below. If the PSD Permit Application and the BLM FLPMA Application are filed within the time set forth in Section 9(d), and WP Energy has exercised reasonable diligence and effort to obtain approval of these applications, then upon written notice to White Pine, the term of this Agreement may be extended by WP Energy for a period required to obtain issuance of these permits plus one year after their issuance. Notwithstanding any other section in this Agreement or the provisions of the prior sentences of this section 2, the term of this Agreement shall not extend beyond forty-eight (48) months from the date set forth above.

3. Water Rights. During the term of this Agreement, White Pine shall not negotiate, sell, lease, license, encumber, transfer or convey the Water Rights, or any portion thereof, or contract, promise or grant an option or any other ownership interest to any person or entity to do so, or utilize the Water Rights except to WP Energy pursuant to the terms of this Agreement.

4. Roads. As requested by WP Energy and as permitted by Nevada law, White Pine shall exercise its reasonable efforts to own and maintain existing and new county roads to provide truck and car access to the site of the Project. The parties understand that the construction of any new roads for the Project or the enhancement of existing roads for the Project over and above reasonable and routine maintenance will be paid for by the Project and not by White Pine.

5. Cooperation. White Pine shall cooperate to the fullest extent possible with WP Energy in WP Energy's performance of the Development Work, and shall make available to WP Energy all studies, analyses, reports, data and materials in its possession to assist WP Energy in the Development Work. White Pine understands that economic competitiveness of the Project is critical to the Project's feasibility.

6. Employment. The Parties understand that, if developed, the Project will create temporary employment opportunities in connection with the construction of the Project, and will also create permanent employment opportunities in connection with the operation of the Project.

(a) WP Energy agrees to provide and to require its construction contractor to provide White Pine and the Employment Security Division of the State of Nevada a list of temporary employment opportunities, including a description of the necessary qualifications and other requirements for such employment, as and when such opportunities become available, and will advertise and require its construction contractor to advertise such opportunities within White Pine County in such manner as is reasonably expected to provide residents of White Pine County the opportunity to apply for and obtain such employment.

(b) WP Energy will, on or within a reasonable period of time following the commencement of construction of the Project, appoint a representative of WP Energy to act as a liaison between White Pine and the Employment Security Division of the State of Nevada so as to make available all necessary information regarding the skills and qualifications required for employment on a permanent basis in connection with the operation of the Project and to promote the development within White Pine County of a pool of qualified applicants for such permanent positions. WP Energy will work with White Pine and the Employment Security Division of the State of Nevada to promote the availability of permanent employment at the Project and to inform residents of White Pine County as to the qualifications necessary for such permanent employment, in such manner as is reasonably expected to provide residents of White Pine County the opportunity to apply for and obtain such employment.

7. Development Work. In consideration for the obligations entered into by White Pine contained in this Agreement, WP Energy shall perform at its expense the following (hereinafter referred to as the "Development Work"). WP Energy shall provide White Pine with quarterly reports of progress made on the Development Work.

(a) provide engineering, regulatory and political support to advance the development of a transmission line or lines to serve the Project;

(b) prepare and obtain regulatory approval of a modeling protocol for PSD permitting;

(c) conduct a site screening analysis and select the exact site and an alternate site, as required, for the Project;

(d) identify routes for related and supporting facilities;

(e) file with the BLM an FLPMA Application and such other necessary applications to begin the process of obtaining rights to BLM real property, including but not limited to transfers, leases, easements, rights-of-way, permits and other necessary approvals from the BLM to construct and operate the Project on BLM land within White Pine County; and

(f) establish a cost recovery account or other similar agreement with the BLM regarding the BLM's processing of the BLM FLPMA Application.

8. Permitting and Construction. After the Development Work is completed, to the extent that WP Energy decides to continue into the permitting and construction phases of the Project, in order to properly complete the Project, WP Energy will have to do the following:

(a) make formal electrical interconnection request to Sierra Pacific Power Company or other appropriate utility;

(b) undertake site engineering required for permitting the Project;

(c) prepare the PSD Permit Application;

(d) prepare, as necessary, proponent's environmental assessment for BLM to transfer or grant interests in real property and coordinate with the BLM for the BLM's National Environmental Protection Act processing of the BLM FLPMA Application;

(e) obtain all permits to construct and operate the Project and its related and supporting facilities;

(f) pay debt service for the construction of the Project paid for by municipal bonds if applicable;

(g) obtain financing to construct the Project; and

(h) construct the Project and its related facilities including the facilities necessary to put the Water Rights to beneficial use.

9. Termination.

(a) Termination by WP Energy. WP Energy may, at its sole discretion, at any time during the term of this Agreement, terminate this Agreement effective thirty (30) days after the date of a written notice to White Pine of the termination.

(b) If the Project is terminated pursuant to Section 9(a) above or Section 9(d) below WP Energy shall do the following:

(1) subject to subsection 9(c) below, transfer to White Pine all reports, analyses, permits, modeling results, data and studies created by or for WP Energy relating to the Project;

(2) for a minimum of two years, cooperate with White Pine in supplying information to and responding to questions from potential developers of the Project;

(3) quitclaim to White Pine all WP Energy's rights in and to the Water Rights including any improvements constructed associated with the Water Rights, if any;

(4) assign any real estate rights obtained by WP Energy for the Project to White Pine to the extent assignable; and

(5) restore any land disturbances to pre-Development Work or pre-construction conditions.

(c) Proprietary Data or Modeling. WP Energy has no obligation to convey to White Pine pursuant to subsection (a) above any proprietary data or modeling. The terms "proprietary data or modeling" shall mean trade secrets or confidential business information of WP Energy relating to the amount or source of any income, profits, losses or expenditures of WP Energy, any and all proprietary information which WP Energy keeps secret from competitors, including but not limited to, modeling programs which WP Energy uses, information and evaluation of its competitors and others in the energy business, projections of future loads and power or fuel supplies, projections of future prices of electric energy or other commodities, the costs of power plant equipment and construction, technologies for the construction and operation of electric plants, and any and other proprietary information which WP Energy keeps secret from competitors.

(d) Termination by White Pine. White Pine may, at its sole discretion terminate this Agreement effective thirty (30) days after the date of a written notice to WP Energy of the termination, but only if one of the following has not occurred other than because of an Uncontrollable Force as described in section 14 below:

(1) WP Energy has not submitted to the State of Nevada a proposed PSD Class II protocol within six (6) months from the date of this Agreement; or

(2) WP Energy has not filed the application beginning the BLM permit process described in Section 7(e) above by the later of (i) six (6) months from the date upon which the City of Ely and/or the White Pine Historical Railway Foundation acquires the ownership of the Nevada Northern Railway presently owned by the City of Los Angeles Department of Water & Power or (ii) one (1) year from the date of this Agreement; or

(3) WP Energy has not completed the item described in Section 7(f) above within the later of (i) six (6) months from the date upon which the City of Ely and/or the White Pine Historical Railway Foundation acquires the ownership of the Nevada Northern Railway presently owned by the City of Los Angeles Department of Water & Power or (ii) one (1) year from the date of this agreement or (iii) three (3) months after filing the application described in Section 7(e) above; or

(4) WP Energy has not filed the PSD Permit Application by the later of (i) six (6) months from the date upon which the City of Ely and/or the White Pine Historical Railway Foundation acquires the ownership of the Nevada Northern Railway presently owned by the City of Los Angeles Department of Water & Power or (ii) one (1) year from the date of this Agreement.

10. Water Rights. Title to the Water Rights shall forever remain vested in White Pine or in an agency or district created by White Pine to own, manage and use the Water Rights.

(a) Water Rights Agreement. If during the term of this Agreement WP Energy obtains a PSD Permit and BLM FLPMA Permit, White Pine and WP Energy shall enter into a lease or other water supply agreement that provides WP Energy, at no additional cost, the sole and exclusive right (i) to exercise the Water Rights and (ii) to place the Water Rights to a beneficial use at the site of the power generation plant of the Project. The lease or other water supply agreement shall have a term covering the useful life of the power plant and shall become effective upon financial closing of the Project. WP Energy shall bear all direct costs related to the construction of wells, water pipelines, pumping stations, or other facilities required to place the Water Rights to a beneficial use to be constructed and operated by either White Pine or the WP Energy. The parties agree, upon the request of WP Energy, to promptly negotiate during the term of this Agreement the specific form of the lease or other water supply agreement incorporating the provisions specified in this Section 10(a). Upon agreement of the form of the lease or other water supply agreement, the parties agree to amend this Agreement and incorporate such lease or water supply agreement as an exhibit hereto.

(b) Regulatory Filings. During the term of this Agreement, WP Energy shall file, with the cooperation and reasonable approval of White Pine or its successor, annual applications for extensions of time, proofs of completion of work, or proofs of application of water to beneficial water, as the case may be, with the Nevada State Engineer and shall pay any fees associated with such statutorily required filings. WP Energy shall obtain any and all applicable permits or waivers from the Nevada State Engineer to perform test drilling and such further analyses of the aquifer which is the source of the Water Rights as WP Energy believes are necessary. Any and all applications to change the point of diversion or place of use of any or all of the Water Rights shall be filed in the name of White Pine. The purpose of any changes to the point of diversion or place of use is to allow WP Energy, based upon sound hydrology and test drilling, to locate the most favorable sites for ground water development for the Project. White Pine agrees to allow WP Energy the right to file required documents with the Nevada State Engineer, but all such filings shall be made in the name of White Pine. White Pine agrees to either advise the Nevada State Engineer, in writing, that WP Energy has authority to file such documents; or alternatively, White Pine shall promptly ratify all of such filings.

11. Liability and Indemnity. WP Energy and White Pine shall each indemnify, defend and hold harmless the other and the other's directors, officers, commissioners, employees and agents, from and against any and all losses, damages, claims causes, of action or actions, including reasonable attorney's fees, incurred by them with respect to WP Energy's breach of its obligations under this Agreement and the performance or non-performance of the Development Work. Neither WP Energy nor White Pine, nor any of their respective directors, officers, commissioners, employees and agents, are liable to the other party for indirect, special, incidental and consequential damages, including but not limited to, loss of profits or revenues, loss of use of the Project, the cost of capital, the cost of purchase and replacement power and claims for service interruptions as a result of the performance or non-performance of the Development Work. The provisions of this section shall not be construed to relieve any insurer of its obligations to pay insurance claims in accordance with any insurance policies obtained by WP Energy or White Pine.

12. Relationship of Parties. Nothing in this Agreement shall ever be construed to create an association, joint venture, trust, partnership or other legal entity or to impose a trust or partnership covenant, obligation or liability on the parties hereto.

13. General Provisions.

(a) Severability. In the event any of the terms, covenants or conditions of this Agreement or the application of them are held invalid as to any person or circumstance by any court with proper jurisdiction, all other terms, covenants or conditions of this Agreement and their application are not affected thereby, but shall remain in force and effect unless a court holds that the provisions are not separable from all other provisions of this Agreement.

(b) Waiver. Any waiver at any time by any party of this Agreement of its rights with respect to a default or any other matter shall not be deemed a waiver with respect to any later default or matter.

(c) Counterparts. This Agreement may be executed in counterparts.

(d) Successors Bound. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors in interest.

(e) Assignment. This Agreement may be assigned by WP Energy to its parent corporation or any affiliate of WP Energy, and WP Energy may assign a portion of its rights and obligations under this Agreement to another party or entity only with the reasonable approval of White Pine. However, except as provided in the preceding sentence, this Agreement may not be assigned by either party without the express written consent of the other party, which consent may not be unreasonably withheld or delayed.

(f) Good Faith. The parties agree to deal fairly and in good faith at all times, and to execute and deliver such other and further instruments and documents, and take such other actions as may be necessary to fully effectuate the transactions contemplated by this Agreement, and to further the intent and purpose of this Agreement.

(g) Governing Law. The laws of the State of Nevada will govern the interpretation, validity and effect of this Agreement.

(h) Amendment of Agreement. This Agreement may only be amended by consent of both parties. Any amendments must be written and executed with the same formality as this Agreement.

(i) Entire Agreement. This Agreement constitutes the entire Agreement between the parties and there are no representations, conditions, warranties or collateral agreements (expressed or implied), statutory or otherwise, with respect to this Agreement other than is contained herein.

(j) Authority to Execute. The parties hereto represent and warrant that the person executing this Agreement on behalf of each party has full power and authority to enter into this Agreement and that the parties are authorized by law to engage in cooperative action set forth herein.

(k) Recording and Filing. A copy of the Interim Development Agreement shall be recorded in the official records of the White Pine County Recorder concurrently with the execution and delivery hereof and a copy shall also be filed with the office of the Nevada State Engineer, Carson City, Nevada, with applicable notice thereof being placed in Permits 45834-45855 inclusive.

14. Uncontrollable Forces. No party shall be considered in default in performance of any of its obligations under this Agreement when the failure of performance is due to an uncontrollable force. An "uncontrollable force" shall be any cause beyond the control of the party affected, including but not limited to, the failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightening, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, an action or non-action by or inability to obtain the necessary authorizations, approvals or permits from any governmental agency or authority. Nothing contained in this Agreement shall be construed so as to require a party to settle any strike or labor dispute in which it may be involved. If any party is rendered unable to fulfill any of its obligations under this Agreement by reason of an "uncontrollable force", such party shall give prompt written notice of that fact to the other party and shall exercise due diligence to remove the inability with reasonable dispatch. In that event, the parties hereto shall diligently and expeditiously determine how they may equitably process to carry out the objectives of this Agreement. The time for the performance of the act delayed by the "uncontrollable force" shall be extended by the delay experienced due to the "uncontrollable force". However, no such delay shall affect the right of WP Energy to terminate this Agreement pursuant to section 9 above, nor shall the provisions of this section 14 extend the absolute limit of 48 months of the term of this Agreement pursuant to the last sentence of section 2 above.

15. Review by Counsel. Each party to this Agreement and its counsel have reviewed and revised this Agreement. The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments to it.

16. Notices. Any notice, demand or request in connections with this Agreement shall be in writing and shall be sent by U. S. Mail, overnight express or by fax to the parties as follows:

White Pine Energy Associates, LLC
c/o LS Power Development, LLC
Two Tower Center, 20th Floor
East Brunswick, NJ 08816
Fax: 732-249-7290

White Pine County
Attn: County Clerk
P.O. Box 659
Ely, NV 89301
Fax: (775) 289-2544

with copies to:

Coordinator
White Pine County Economic Diversification Council
957 Campton St.
Ely, NV 89301
Fax: (775) 289-8860

Richard Sears, District Attorney
White Pine County
P.O. Box 240
Ely, NV 89301
Fax: (775) 289-1559

White Pine Energy Associates, LLC
c/o LS Power Development, LLC
400 Chesterfield Center, Suite 110
St. Louis, MO 63017
Fax: 636-532-2250

WHITE PINE COUNTY

By _____
Chairman
Board of White Pine County Commissioners

ACKNOWLEDGEMENT

STATE OF NEVADA)
)
COUNTY OF WHITE PINE)

On this day, before me, personally appeared [NAME], to me personally well known who acknowledged that he is the [TITLE] of [COUNTY], a [ ] , and that he as such officer, being duly authorized so to do, had executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as such officer.

WITNESS my hand and official seal this day of 25th Feb, 2004.

~~Notary Public~~ WPCO Clerk

My Commission Expires:

_____
(Seal)

WHITE PINE ENERGY ASSOCIATES, LLC

By Paul G. Thessen
Senior VP

STATE OF)
) Senior VP
COUNTY OF)

Paul G. Thessen Delaware

On this day, before me personally appeared ~~[NAME]~~, to me personally well known, who acknowledged that he is the ~~[TITLE]~~ of ~~[COMPANY]~~, a ~~[STATE]~~ limited liability company, and that he as such officer, being duly authorized so to do, had executed the foregoing instrument for the purpose therein contained, by signing the name of the limited liability company by himself as such officer. White Pine Energy Associates, LLC

WITNESS my hand and official seal this 25th day of February, 2004.

Shonna K. Sampson
Notary Public

My Commission Expires: 9-28-04

(Seal)

SHONNA K. SAMPSON
NOTARY PUBLIC • STATE of NEVADA
White Pine County • Nevada
CERTIFICATE # 92-4156-17
APPT EXP SEPT. 28, 2004

EXHIBIT 2

White Pine Energy Associates, LLC
c/o LS Power Development, LLC
400 Chesterfield Center, Suite 110
St. Louis, MO 63017
(636) 532-2200 · Fax (636) 532-2250

February 1, 2006

VIA EXPRESS MAIL & FASCIMILE (775) 289-2544

White Pine County
Attn: County Clerk
P.O. Box 659
Ely, NV 89301

RE: Notice of Extension of Term of Interim Development Agreement

Dear White Pine County Clerk and County Commissioners:

In reference to the Interim Development Agreement dated February 25, 2004 (the "Agreement") between White Pine Energy Associates, LLC ("WP Energy") and White Pine County, Nevada ("White Pine"), WP Energy hereby provides written notice to White Pine that WP Energy elects to extend the term of the Agreement pursuant to Section 2 of the Agreement. The term of the Agreement is extended for a period of one year after the issuance of the later of (i) the PSD permit or (ii) the BLM FLPMA rights-of-way required for the Project; however, no later than February 25, 2008.

In compliance with Secton 2 of the Agreement and the referenced timeframes set forth in Section 9(d), WP Energy filed the PSD Permit Application on December 5, 2005 and the BLM FLMPA Application on February 13, 2004, as subsequently amended on June 25, 2004. WP Energy has exercised reasonable diligence and effort to obtain approval of these applications and continues to actively pursue development of the Project.

If you have any questions or comments, please do not hesitate to contact Eric Crawford, Director - Project Development, at (636) 532-2200.

Sincerely,

White Pine Energy Associates, LLC

By: Paul G. Thessen
Name: Paul G. Thessen
Title: Executive Vice President

cc: Karen Rajala, Coordinator, WPCEDC
Richard Sears, District Attorney, WPC