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News Release

Newberry Geothermal Project Secures Sundry Permit

Permit Grants Authorization to Commence Stimulation Process of the Newberry Enhanced Geothermal Systems Demonstration Project

Bend, Ore. – Sept. 19, 2012 – Newberry EGS, a joint venture of Davenport Newberry and AltaRock Energy, today announced that the Newberry Enhanced Geothermal Systems (EGS) Demonstration has obtained a Sundry Notice approval from the Bureau of Land Management (BLM). This notice allows the stimulation process to create geothermal reservoirs to begin, which is part of Phase II of the Newberry EGS Demonstration. The stimulation is scheduled to begin in October.

AltaRock staff will be available at two local public meetings to explain the project and answer questions. On September 26 at 6:00 PM a meeting will be held at the SHARC recreation Center in Sunriver, and on October 6 and 7, AltaRock will have a booth at the Bend Fall Festival.

The purpose of the Newberry EGS demonstration is to demonstrate AltaRock's new technology designed to lower the cost of EGS, and thus allow economic extraction of heat from the earth in locations where high temperatures can be reached by conventional drilling techniques but there is no natural circulating geothermal system. Marking a key milestone in Phase II of the EGS Demonstration, an advanced micro-seismic array has been installed, tested, and operations approved by seismologists from two national labs. The next step includes the injecting of water into an existing hot well to create multiple reservoirs of connected cracks 6,500-10,000 feet below ground. Groundwater levels and quality will be monitored before, during and after stimulation. Once the EGS reservoirs are created this fall, production wells will be drilled to intersect the stimulated fractures and flow tests will be conducted to evaluate the potential for using the EGS reservoirs as heat exchangers to produce electricity in the future. Phase II microseismicity will be available for viewing on the Lawrence Berkeley National Laboratory website. Phase II of the project, including drilling of production wells, is expected to be completed by 2014.

"The economic implications of the Newberry EGS Demonstration are quite significant," said Susan Petty, president and founder of AltaRock Energy. "Creating multiple geothermal reservoirs from a single injection well multiplies the amount of energy that can be extracted from each production well. Not only do multiple reservoirs extend the life of the well and increase the energy recovery from each well, they significantly improve the economics of EGS power generation. This could allow geothermal to translate into a comprehensive source of renewable energy for the future."

"We are pleased to have obtained approval on our Sundry Notice and are eager to continue with Phase II of the Newberry Demonstration," said Doug Perry, president and CEO of Davenport Newberry. "By lowering the cost of EGS and proving the application of AltaRock's technology to EGS, we are one step closer to sustainably meeting the evolving energy needs of our nation."

Located in the Deschutes National Forest in central Oregon, the Newberry project will demonstrate that EGS is an economically viable source of broad-scale 24/7 baseload renewable energy. As recently determined by the BLM and the U.S. Department of Energy through a Finding of No Significant Impact (FONSI), the project has met the requirements of the National Environmental Policy Act (NEPA) and will not significantly affect the quality of the human or natural environment.

The first phase of the Newberry EGS Project involving planning for the well stimulation, environmental studies and public outreach, reached completion earlier this year. Key participants with Davenport Newberry and AltaRock energy on the project include federal agencies (Bureau of Land Management, Forest Service, and Dept. of Energy), state agencies (Oregon Depts. of Geology and Mineral Industries, Environmental Quality, and Water Resources), government scientific labs (US Geological Survey and Lawrence Berkeley, Lawrence Livermore, Los Alamos, and Sandia National Laboratories), universities (Oregon State, Temple, and Texas A&M).

About Davenport Newberry and AltaRock Energy

The Newberry Volcano EGS Demonstration is partially supported by the Department of Energy under Award Number DE-EE0002777, with \$21.4 million in grant funds from the Department of Energy to AltaRock Energy matched by an additional \$22.4 million from the AltaRock-Davenport partnership. The project is also benefitting from the research efforts of faculty and students at the Oregon State University, the University of Utah, Lawrence Berkeley National Laboratory, Texas A&M, and Temple University.

AltaRock Energy (www.altarockenergy.com) is a renewable energy technology company focused on the research and development for geothermal systems.

Davenport Newberry specializes in the development and management of geothermal opportunities.

Further information and updates about the Demonstration can be found on the project's Blog (blog.newberrygeothermal.com/) and on Facebook (www.facebook.com/NewberryEGS).

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