

LIVINGSTON & MATTESICH

TN 20471

DOCKET 79-AFC-4C
DATE MAY 23 2001
RECD. MAY 25 2001

23 MAY 2001

EMILIO E. VARANINI
ATTORNEY AT LAW

May 23, 2001

HAND DELIVERED

Ms. Nancy Tronaas
Compliance Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

LIVINGSTON & MATTESICH
LAW CORPORATION
1201 K STREET, SUITE 1100
SACRAMENTO, CA 95814 -3938
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Re: *Bottle Rock Power Plant (79-AFC-4C)*
Petition for Ownership Change

Dear Ms. Tronaas:

On behalf of Bottle Rock Power Corporation ("BRPC"), I am responding to your May 22, 2001 letter regarding Bottle Rock Power Plant, as follows:

1. It is correct that Oasis Oil Corporation will, through a subsidiary, own 88% of BRPC's outstanding common stock. (Please see the attached diagram.) That ownership of stock, however, is carried as an investment and not as a direct operation of Oasis. For this reason, the financial statements of Oasis are not relevant to the petition for ownership change of Bottle Rock Power Plant. BRPC is being funded to be financially and operationally independent of Oasis. BRPC is a California corporation that has, and will continue to have, its own board of directors, officers, and employees who will operate the Bottle Rock Geothermal Facility. (Please see the attached Certificate of Good Standing.)
2. The acquisition and reengagement of the Bottle Rock Geothermal Facility by BRPC is an expensive undertaking. Complicated financial arrangements have been made through the First National Bank of San Diego to obtain the funds required for this purpose. Cash in the amount of approximately \$18,000,000.00 will be contributed to BRPC to acquire and refurbish Bottle Rock Geothermal Facility. In light of the conditions and contingencies in the financial arrangements, however, only

Nancy Tronaas
May 23, 2001
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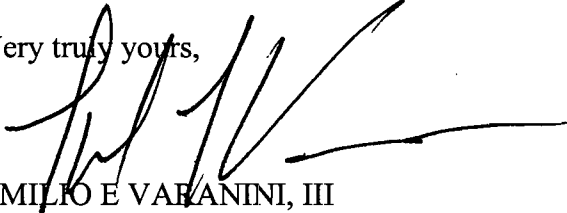
\$1,800,000.00 will be available to BRPC prior to the consummation of the purchase agreement between the Department of Water Resources ("DWR") and BRPC. The balance of the funds will flow into BRPC in June 2001, shortly after it has acquired the Bottle Rock Geothermal Facility.

3. Attached hereto for your review is a copy of the balance sheet of BRPC (on a pro forma basis), which reflects the financial position of BRPC after its acquisition of the Bottle Rock Geothermal Facility, and after the completion of its funding in June 2001.

4. Since the May 30, 2001 Commission hearing is concerned only with the transfer of ownership of Bottle Rock Geothermal Facility from the DWR to BRPC in order to ensure BRPC's conformance with conditions of the Commission, the enclosed provides the funding road map and the valuation of BRPC upon closing and immediately thereafter. We fully understand that there will be a subsequent proceeding before the Commission to grant its approval prior to restarting Bottle Rock Geothermal Facility. At that later proceeding, audited financial statements of BRPC will be available for the Commission's review.

Please feel free to call me with any questions. Thank you for your courtesy and cooperation regarding this matter.

Very truly yours,



EMILIO E VARANINI, III

EEV/hn

Enclosures

Bottle Rock Power Corporation

Pro Forma Balance Sheet June 30, 2001

Assets

Cash ¹	16,000,000.00
Property Plant and Equipment ²	1,800,000.00
Total	\$17,800,000.00

Liabilities

Liabilities	0.00
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Shareholders Equity

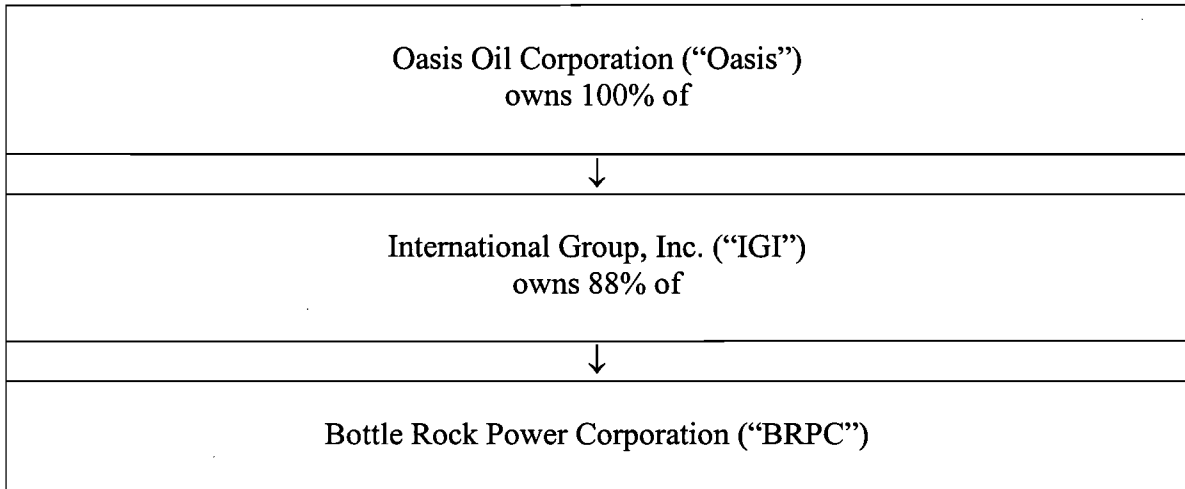
Common Stock: 10,000 shares	1,000.00
Preferred Stock ¹	17,799,000.00
Total	\$17,800,000.00

¹ These amounts may be changed as a result of certain grants that may be received by the corporation from certain governmental agencies.

² This amount may be increased by the corporation's auditors.

BOTTLE ROCK POWER CORPORATION

Diagram



On May 29, 2001, and thereafter, funds will flow from the First National Bank of San Diego to Oasis, through IGI, to BRPC.

State of California



SECRETARY OF STATE CERTIFICATE OF STATUS DOMESTIC CORPORATION

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That on the **4th day of November, 1999**, **BOTTLE ROCK POWER CORPORATION** became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

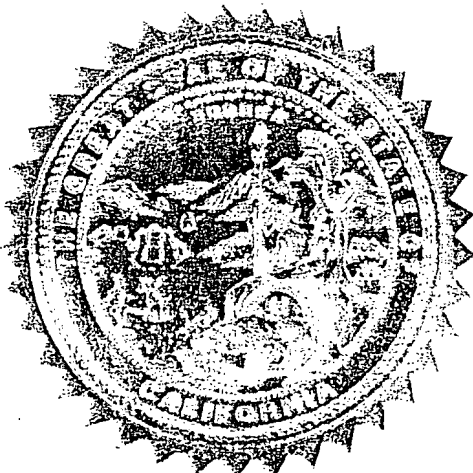
That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of May 10, 2001.



Bill Jones
BILL JONES
Secretary of State

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