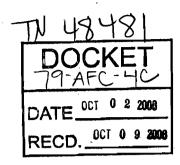


Bottle Rock Power, LLC 7385 High Valley Road P.O. Box 326 Cobb, CA 95426 Phone: (707) 928-4578

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02 October 2008



Dale Rundquist Compliance Project Manager Energy Facilities Siting Division 1516 Ninth Street, MS-2000 Sacramento, CA 95814-5512 (916) 651-2072 (916) 654-3882 FAX

RE: Bottle Rock Power Plant Incident Corrective Action Response

Dear Dale Rundquist

As per a request made by Mr. Childs via a phone conversation on September 23, 2008, herein is submitted to you additional explanation of the actions performed by Bottle Rock Power, LLC (BRP) regarding removal of the co-mingled drill cuttings and mud (spoils) from the well pad sumps. This action was performed in order to maintain compliance with Lake County Use Permit No. 85-27, Section C(2). The salient language of this Section defines the requisite minimum depth of free board for each sump at BRP:

"...The sump shall be operated in such a manner as to preclude overtopping of the sump. Three feet of freeboard shall be maintained at all times. ..."

Moreover, the CVRWQCB Waste Discharge Requirements Order No. 99-091 states that two feet of free board must be maintained at all times.

Spoils to be removed from BRP's sumps are tested by a state certified laboratory for both the California Assessment Manual (CAM) 17 metals as defined in California Code of Regulations (CCR) Title 22 and asbestos. The spoils are not removed until sampling analytical data of from spoils contained in a particular sump is received. The analytical data of the spoils from BRP's sumps are available for your review upon request.

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Materials (spoils and water) removed from the sumps are disposed as is appropriate (spoils) and re-injected into the steam producing zones (water), in accordance with CCR Title 27, Section 20090(g):

"Drilling Waste-Discharges of drilling mud and cuttings from well drilling operations, provided that such discharges are to onsite sumps and do not contain halogenated solvents, and further provided that, at the end of drilling operations, the discharger either:

- (1) removes all wastes from the sump; or
- (2) removes all free liquid from the sump and covers residual solid and semi solid wastes, provided that representative sampling of the sump contents after liquid removal shows residual solid wastes to be non-hazardous. If the sump has appropriate containment features, it may be reused."

Actions already taken and those actions that continue to be taken by BRP with regard to management of the sumps, the materials contained in them, and the materials removed from them comport fully with the regulations cited above and thereby re-establish compliance for BRP in response to said incident.

If you have any comments or other questions, please do contact me at 707.928.4578.

Respectfully,

Karon Thomas

Compliance Manager

Bottle Rock Power Plant

Cc: Ron Yoder (Lake County Planning)

Carol Oz (Fish & Game) Guy Childs (CVRWQCB)