U.S. Geothermal outlines development projects

11/02/2016 by Marketwired

BOISE, IDAHO--(Marketwired - Nov. 2, 2016) - U.S. Geothermal Inc. (the "Company") (NYSE MKT:**HTM**), a leading and profitable renewable energy company focused on the development, production, and sale of electricity from geothermal energy, announced today an update on two of its advanced stage development projects at San Emidio II and El Ceibillo, and an update on the expansion opportunity at Raft River.

San Emidio Phase II (Nevada)

In July and August, we deepened two temperature gradient wells, well 17-21 and well 25-21, and both wells intersected high temperature and permeability. During September and early October, both wells were flow tested individually for three days. Well 17-21 produced a stabilized, artesian flow of 452 gpm at a flowing temperature of 323°F. Well 25-21 produced a stabilized, artesian flow of 467 gpm at a flowing temperature of 324°F. These temperatures are 44 degrees higher than the currently producing San Emidio Phase I wellfield. During the tests, pressure monitoring between the two wells and across the currently producing wellfield, showed very low pressure response, which indicates that production from the Southwest Zone would not adversely impact the existing facility.

These two new wells are approximately 1,700 feet apart along the new structural trend identified in the Southwest Zone, which is still open for expansion. Temperature gradient well data and seismic information indicate a potential strike length for the Southwest Zone of up to 2,700 feet. This compares to a strike length for the primary producing wellfield at San Emidio Phase I of 800 feet.

Permit applications to deepen the remaining three temperature gradient wells were submitted to the Bureau of Land Management on August 30th. Once the permits are received, these three wells will be deepened to the targeted depth to further explore the Southwest Zone. If successful, it will extend the length of the productive reservoir by 1,000 feet.

In July the Company was awarded a $1.5 million Department of Energy cost share grant under the "Development of Technologies for Sensing, Analyzing, and Utilizing Novel Subsurface Signals in Support of the Subsurface Technology and Engineering (SubTER) Crosscut Initiative". The program approved under the grant includes using new subsurface technologies at both San Emidio and Crescent Valley to identify fluid flow paths in the geothermal resource. If the subsurface testing is successful, a second phase to confirm its findings with drilling will be undertaken. The total program cost is $1.9 million with the Company providing $400,000 in cost share.

El Ceibillo (Guatemala)

As previously announced, drilling of a new large diameter production well, EC-5, began June 9. Production well EC-5 was completed to a depth of 1,450 feet (442 meters) on August 20th and intersected a high permeability zone at 1,299 feet (396 meters). EC-5 underwent a series of flow tests, with field wide monitoring during the first half of September. Data was collected from three monitoring wells during the test (EC-2A, EC-3, and EC-4) to provide pressure data for the reservoir model. Flow test data was transmitted to our consulting reservoir engineer who is constructing a reservoir model and developing a first estimate of power generation potential for the shallow El Ceibillo reservoir. Initial review of

the data by the consulting reservoir engineer concluded that a commercial reservoir has been intersected.

Planning is underway for a slim hole to test the deeper reservoir near and below well EC-5 to a projected depth of 1,970 to 2,300 feet (600-800 meters). Fluid chemistry from samples taken at the end of the EC-5 flow test indicate the temperature in the deeper reservoir may range from 450 to 523°F (232 to 273°C). A deeper intersection in the reservoir could increase the production temperature and change the design of the power plant.

Well EC-1, located approximately 1/3 of a mile southeast of EC-5, was drilled in 2013 to a depth of 5,650 feet (1,722 meters) and found a measured bottom-hole temperature of 526°F (274°C), but no permeability. The comparative geology from EC-5 and EC-1 suggests a fault or other structure may be located in the area between the two wells.

Raft River (Idaho)

Efforts to expand the output of Raft River from its current generation level of 10 MW up to its contract maximum of 13 MWs, began with the drilling of a second production leg at RRG-2 starting on June 13th. The second production leg was drilled to a depth of 5,605 feet and was completed on July 29th. Several small zones of permeability were encountered in the new production leg. After testing the well, a new pump was installed and the well resumed production on September 6th. The well continues to heat up and is on track to reach its normal production temperature of 283°F before the end of November. To date, there has not been an increase in flow from the well.

Additionally, a second option is under consideration to increase fluid flow to the plant. Well RRG-5, an idle injection well with significant permeability, is being tested and evaluated for conversion to production. A temperature survey of the well has been completed and reservoir modeling is in progress to evaluate the impact of producing this well.

"We are extremely pleased with the continued progress of our advanced stage development projects at El Ceibillo and San Emidio," said Doug Glaspey, President and COO of US Geothermal. "We remain very optimistic that the positive drilling and testing results at these development projects will allow us to confirm their respective power generation potential in support of obtaining power purchase agreements."

About U.S. Geothermal Inc.:

U.S. Geothermal Inc. is a leading and profitable renewable energy company focused on the development, production and sale of electricity from geothermal energy. The Company is currently operating geothermal power projects at Neal Hot Springs, Oregon, San Emidio, Nevada and Raft River, Idaho for a total power generation of approximately 45 MWs. The Company is also developing an additional estimated 90 MWs of projects at: the Geysers, California; a second phase project at San Emidio, Nevada; at Crescent Valley, Nevada; and the El Ceibillo project located near Guatemala City, Guatemala. US Geothermal's growth strategy is to reach 200 MWs of generation by 2021 through a combination of internal development and strategic acquisitions.