Kenneth MacLeod

From: Eduardo E. Granados [ed@geothermex.com]
Sent: August-22-08 1:10 PM
To: Kenneth MacLeod
Cc: 'Tim Smith'; 'Jim Lovekin'; Geothermex; Rupi Khanuja
Subject: Meager Creek Temperature Measurements
Attachments: MC-6.pdf; MC-6 select.pdf; MC-7.pdf; MC-7 select.pdf; MC-8.pdf; MC-8 select.pdf

Ken:

Attached are the T/P data plots for the three Meager Creek wells. For clarity, we present two plots for each well, one showing the plots of all the measurements that have been conducted on each well so far, and the other showing a selection of the most recent ones (including the August 13-14 surveys).

Our assessment from these data is as follows:

1. It seems that the tools that were used for the August 13-14 logging campaign were in good calibration, as they all reproduce the same temperature and pressure profile of previous measurements in the upper portion of the wells.

2. The temperature measured at the bottom of MC-8 is higher than the last one measured in June 2006, but still shows the temperature reversal at the bottom.

3. The temperature measured at the bottom of MC-6 is about 18 degrees C lower than the maximum temperature of 260 deg. C measured in May 2005.

4. We interpret this as a reversal of the situation that occurred in August 2005, when fluids injected in MC-6 cooled down the lower portion of MC-8. In this case, it seems that the cooler fluids from MC-8 might be affecting the temperature at the bottom of MC-6.

5. We still believe that the permeability observed while drilling MC-8 makes this well as the most promising one for stimulation, therefore, we recommend keeping the original testing plan that was presented by Geothermex in June 2008, flow testing well MC-8 first and, based on the results observed during the first few days of stimulation, decide whether to keep the stimulation of MC-8, or move the testing equipment to MC-6 and attempt flow-testing this well.

In relation to the progress of the other fronts, the situation is as follows:

1. Tim and I have discussed about the quotations that have been received so far from the suppliers of coiled tubing and air compressor services. We both agree that from the two quotes received for the air equipment (Sonic and Weatherford), the one from Weatherford is the most attractive because they can include a Membrane Nitrogen Generator at a very reasonable price (using nitrogen instead of air is the best way to go in this type of testing). Regarding the coiled tubing supplier, Tim has already received quotes from two suppliers (Trican and Sangel) and is still waiting on a third quote to arrive before we make the final decision. So far, Tim has received assurance from all the suppliers that the equipment is available anytime to go to the project.

2. I have passed to Tim information regarding the last injection test conducted in MC-7, in which it was measured that the well can accept nearly 500 GPM at an injection pressure of about 365 psi. With these results, there seems to be no need for scheduling an additional injection line to M-19.

3. I have suggested to Tim contacting Precision Drilling in order to check if they could rent us an oilfield duplex pump (with the operator) to bring for the test.

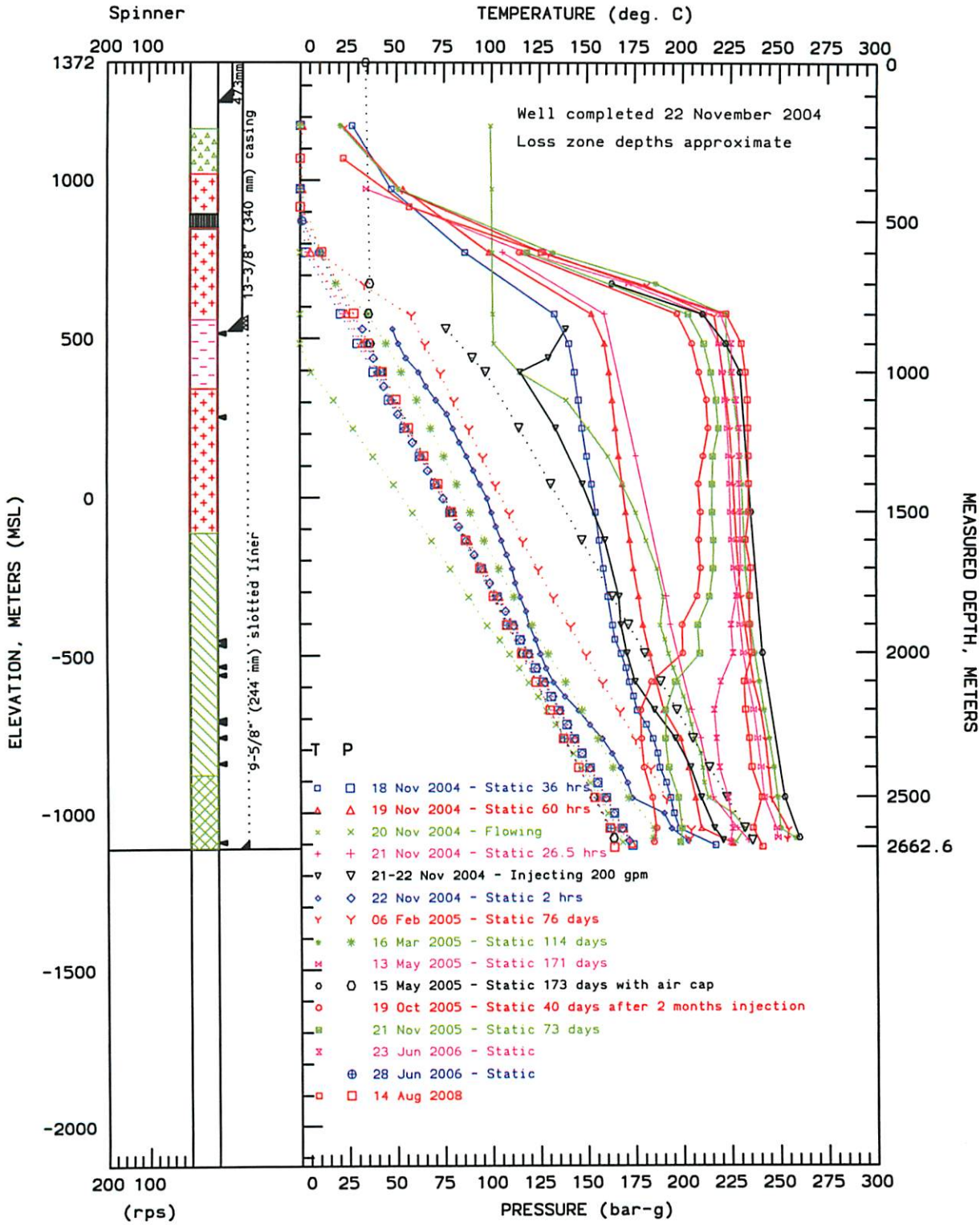
4. Tim indicates that perhaps the biggest hurdle at this moment might be in providing living facilities for the personnel who will have to stay at the site 24 hours a day. We are short-listing these personnel to 7-8 persons (1 from GTX, 1 from WGP, 2 from the coiled tubing unit, 2 from the air compressor unit and the pump operator). The rest of the personnel will have to travel to and from Pemberton. Tim is inquiring around to bring mobile homes instead of a portable camp, in order to avoid the problems we faced during the drilling period with the waste water disposal.

I will keep you informed as the news develop. So far Tim's plan is to start testing not later than the third week of September.

Best regards,

Eduardo

Downhole summary plot, South Meager well MC-6



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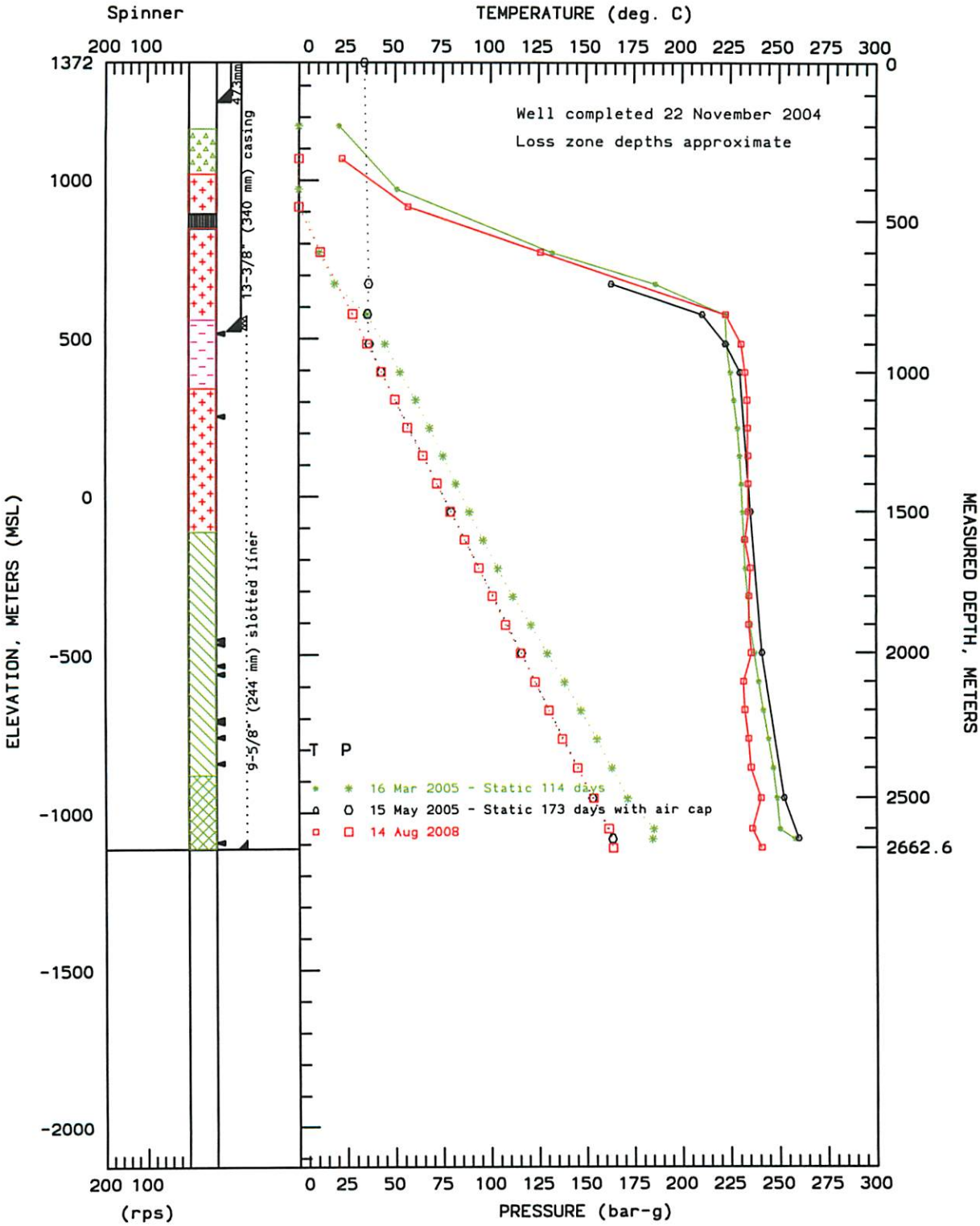
08-21-2008 TP041118.CSV

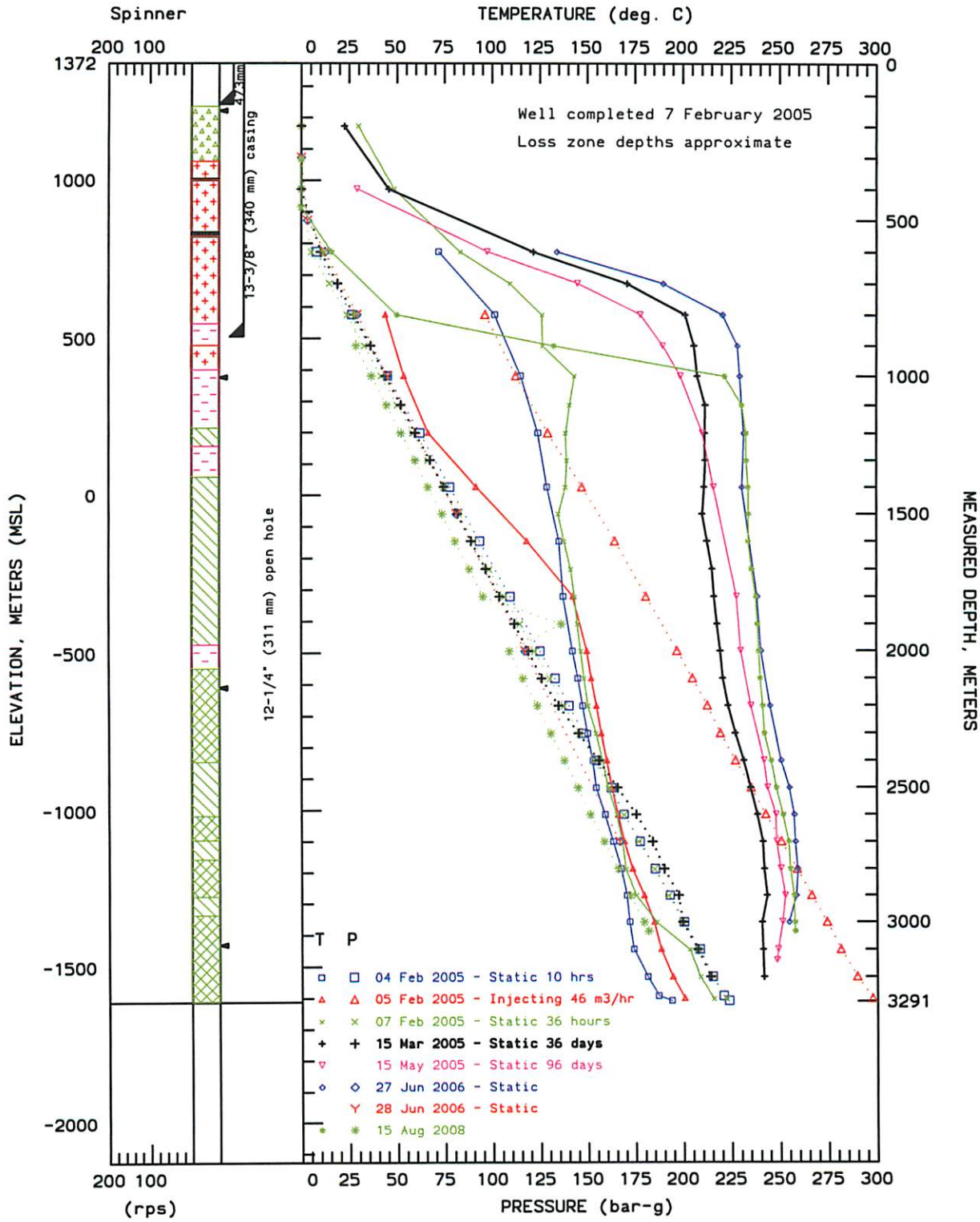
Downhole summary plot, South Meager well MC-6



GeothermEx, Inc.

08-21-2008 TP050315.CSV

Downhole summary plot, South Meager well MC-7



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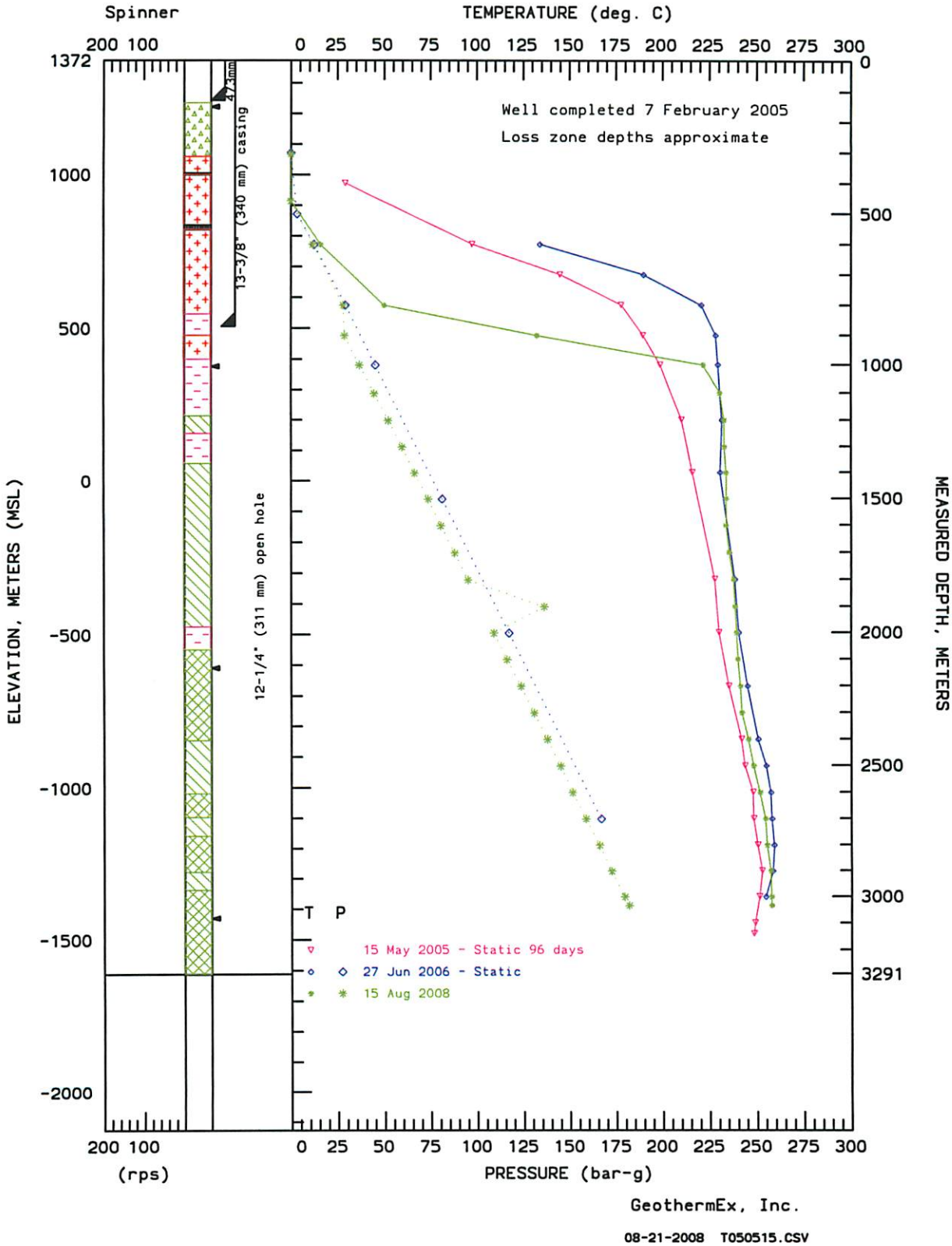
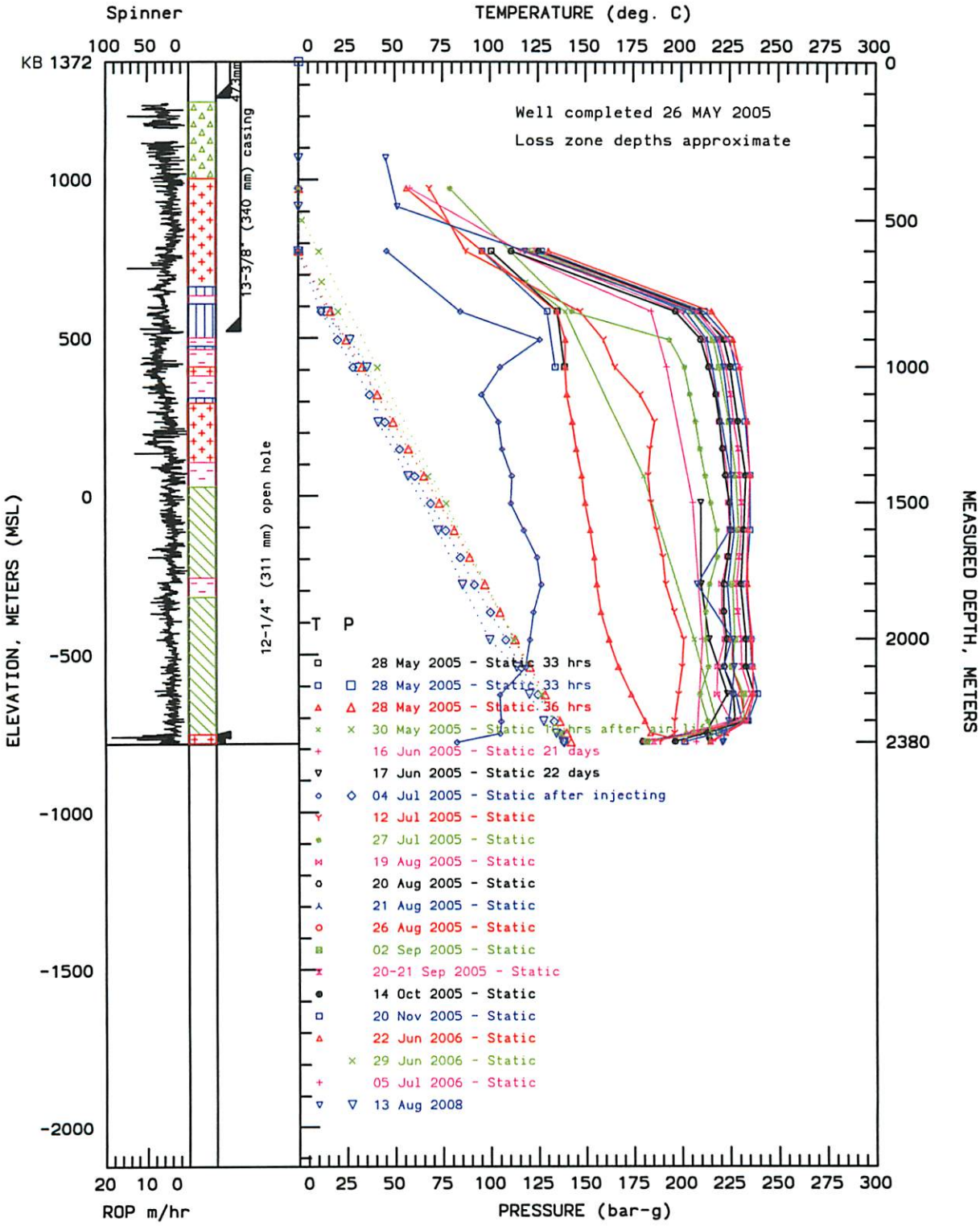
08-19-2008 TP050204.CSV

Downhole summary plot, South Meager well MC-7



Downhole summary plot, South Meager well MC-8



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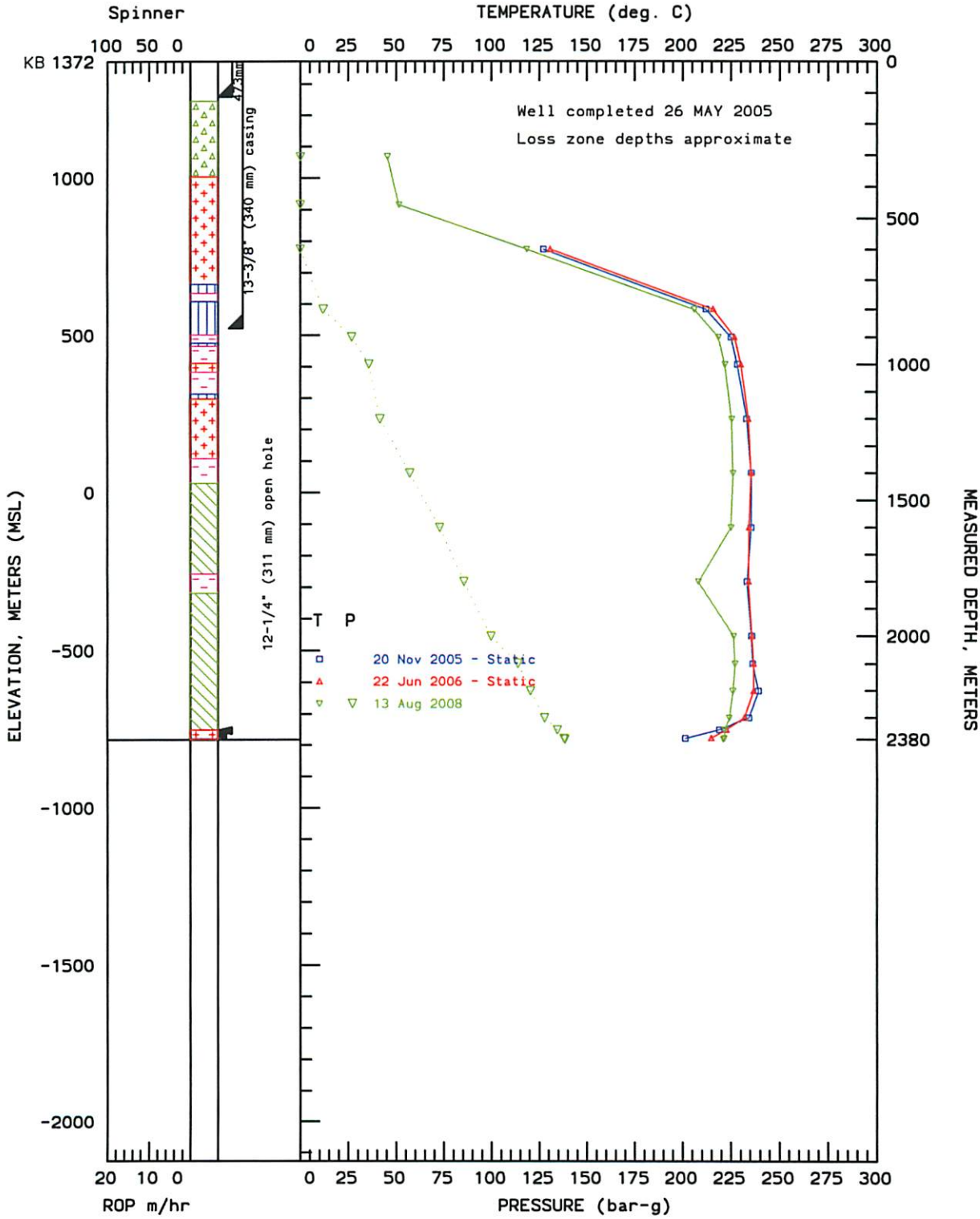
08-21-2008 T050528A.PLT

Downhole summary plot, South Meager well MC-8



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08-21-2008 T051120.CSV