CONTACT INFORMATION
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Arizona Geological Survey
3550 N. Central Ave, 2nd floor
Phoenix, AZ, 85012
602-771-1601
http://www.azgs.az.gov
inquiries@azgs.az.gov

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E. GROVER HEINRICHS & ASSOCIATES
SUITE 110-4 1802 W. GRANT ROAD
TUCSON, ARIZONA, 85745 U.S.A.
(602) 624-7421

July 16, 1982

Mr. H. Douglas Heinrichs
1705 W. Mission Drive
Chandler, Arizona 85224

Dear Doug:

Enclosed is one copy of a Preliminary Report on Geo-Agri-Tech's San Simon Project. As we discussed in Flagstaff in May, if you are responsible for directing us to an individual or company that directly results in that entity financing our project in whole, (1) (more than $10,000,000.00), or in part, (2) (less than $10,000,000.00), you will have a carried interest of 5% in the project if the amount financed is as per Item (1), or prorated accordingly if the amount is as per Item (2).

We look forward to hearing from you. We hope you can do us some good, and in the process do yourself some good also.

Sincerely,

"Uncle" Grover

E. Grover Heinrichs

EGH:vh
enclosure

In reference to the 5% carried interest that you would receive. We, (Geo-Agri-Tech) can only give you 5% of what our equity will be. We likely will give up between 45% to 60% of the project equity to whoever finances the project. The balance remaining will be our equity of which you will receive 5%.

July 13, 1982

Mr. S. W. Nichols
2783 La Crescenta
Cameron Park, California 95682 phone: 916/677-3564

Dear Sherwin:

It was a pleasure meeting you and your wife at Pat and Glen's on July 3rd. I really enjoyed talking about "the good ol' days" in Golden. We have always admired Alice and Al — they make a great couple!

I am enclosing a copy of a proposed geothermally heated green-house venture for your presentation to your friend who is "big" in the agro business in the Sacramento area.

If he should fund this venture, then we (Geo-Agri-Tech, Inc.) would compensate you by giving you 5% equity in Geo-Agri-Tech, Inc.

In the event you feel somewhat hesitant in making the presentation, we would be happy to make it if you would arrange a time and place for a meeting with him.

I am looking forward to working with you on this.

Sincerely,

E. Grover Heinrichs

EGH:vh
enclosure

GEO-AGRI-TECH., INC.

1802 West Grant Rd.
Tucson, AZ 85745
Phone (602) 624-7421

June 18, 1982

Mr. Harold Somerset
Executive Vice President - Agriculture
Alexander & Baldwin, Inc.
822 Bishop Street
P. O. Box 3440
Honolulu, Hawaii 96801

Re: Proposed Greenhouse Program
San Simon Project
Cochise County, Arizona

Dear Mr. Somerset:

Thank you for your time last Thursday, June 10, 1982, to listen to our proposal. In the rush to prepare and present the information, we omitted giving you a comprehensive management program and an estimated schedule of expenditures, which are herewith presented in some detail. We are also enclosing three (3) revised copies of our proposal, which we hope will answer the "embarrassing" questions.

The objective of the Geo-Agri-Tech, Inc. (GAT) management team is to turn over to Alexander & Baldwin, Inc. (A & B) in five (5) years, a profitable, fully trained and completely owned and operating unit.

The management team is divided into three (3) general categories, as follows:

GROUP I

The General Management Group is headed by Howard M. Kincheloe, who has overall direction and responsibility for the project. The other two (2) group heads report to him. His suggested salary is $75,000.00 per year, plus normal expenses. His qualifications are attached as an addendum to this letter.

GROUP II

The Resource Development and Construction Group is headed by G. Robert Wynne, Consultant. He is responsible for start up construction and

development, including design engineering. His compensation will be on a consulting basis (figures are included in the "Funding Distribution Cost Chart"), and his work will be as required at the request of Howard Kincheloe. Mr. Wynne's qualifications are attached as an addendum to this letter.

GROUP III

The Production and Marketing Group is headed by Al Gerhart, Consultant. His responsibilities will be growing and marketing of the crop. Compensation will be on a consulting basis (figures are included in the "Funding Distribution Cost Chart"), and his work will be as required at the request of Howard Kincheloe. Mr. Gerhart's qualifications are attached as an addendum to this letter. Marketing will be concentrated in Ohio and the surrounding general marketing area. Marketing outlets have been contacted and are interested in purchasing the total production at the average prices used in our cash flow studies previously presented to you.

A management contract is suggested for a period of five (5) years, between GAT and A & B. During this period, as an incentive, GAT would receive a 40% interest in the earnings of the Greenhouse Unit. At the end of five (5) years, A & B would purchase the 40% GAT interest in the project, calculated on a suggested basis of 5 x earnings ratio, as the purchase price. The purchase would be in A & B stock. You will note that our handwritten chart, given to you at the meeting, has been typed and is included as Page 9 in the revised proposal. This chart contains the pertinent figures that establish the project goals, and shows an approximate profit of $4,000,000.00 per year following completion of construction and maturity of the operation (Year 4).

Tucson has a local office of the accounting firm, Deloitte, Haskin and Sells. Our management group would be more than happy to work with them to whatever degree you feel necessary.

We feel this is an excellent opportunity for A & B to establish a significant and profitable foothold on the mainland, and we are most pleased to have conceived this program and to have the opportunity to make this presentation

to you and your group. In the event you want to contact me, my plans are to be in Cleveland for the remainder of the summer at the following address:

True Steel Service, Inc.
5200 W. 164th Street
Cleveland, Ohio 44142

Telephone: (216) 267-2500

Sincerely yours,

Thomas Atherton
President

TA:vh
enclosures
cc: Ralph T. King (without enclosures)

P.S. Harold - I just finished talking with Al Gerhart on the phone. He was most reassuring of the market. He has not had time to review these figures but has a high degree of interest in this project.

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E64 Copy

A PRELIMINARY PROPOSAL

FOR

A 40 ACRE GREENHOUSE COMPLEX IN COCHISE COUNTY, ARIZONA

PREPARED FOR

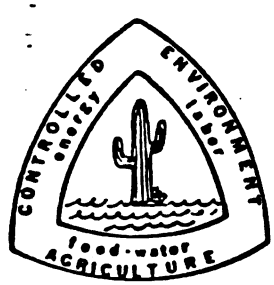
ALEXANDER & BALDWIN, INC.

BY

GEO-AGRI-TECH, INC.

JUNE, 1982

REVISED 6-17-82



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ADDENDA

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FORWARD

Geo-Agri-Tech, Inc., an Arizona corporation with headquarters in Tucson, Arizona, is devoted to the development of innovative agriculture management for maximum production and profit. Unique marketing techniques, long range planning, and utilization of alternative and more economical geo-thermal energy under environmentally controlled conditions are some of the techniques used to achieve this.

Geo-Agri-Tech, Inc. accomplishes this through the practical application of technology developed over a period of thirty-five (35) years by several universities throughout the world, and applied commercially in Hawaii, Canada, U. S. and Holland by A. W. Gerhart and Gordon R. Wynne, two officers of Geo-Agri-Tech, Inc.

The economic key of this complex evolves around a proposed full scale pilot plant geothermally heated greenhouse facility, comprised of 40 acres, and centered in 1107 irrigated acres of partially developed crop land located in San Simon (Cochise County), Arizona.

Geo-Agri-Tech, Inc. has selected San Simon, in Cochise County, Arizona, as the ideal area for development of a greenhouse complex because of the following ideal conditions:

- 110° F. geothermally heated water at San Simon, producing 1000 gallons per minute for the greenhouse complex.

- Ample water shed and water basin area, assuring a long term hot and cold water supply. Water table at 168'.
- Favorable mild climate with low humidity, cool summers and warm winters at 4000' elevation.
- Out of the critical water table area of Maricopa, Pinal and Pima counties, Arizona.
- Outstanding transportation facilities, including air, truck and rail. Located near U. S. Interstate Highway 10, the main east-west-southern truck route.
- Excellent low cost agro-oriented labor supply.
- Excellent educational and experimental agro facilities available for research assistance through the University of Arizona.
- Low cost utility facilities available, including access to natural gas at same cost as major utility purchase price.

- GREENHOUSE TOMATOES ARE AN INSURABLE CROP.

PROPOSAL

Geo-Agri-Tech, Inc. proposes to establish a joint venture program of controlled environment and field crop agriculture.

The joint venture would be incorporated under the laws of Arizona, with start up capital and operating expenses to be paid by Alexander & Baldwin, Inc., and the construction, operation and expertise to be furnished by Geo-Agri-Tech, Inc.

The joint venture company would be called Geo-Agri-Tech, Inc., or any other suitable name mutually agreed upon.

Ownership in Geo-Agri-Tech, Inc. would be as follows:

60% - Alexander & Baldwin, Inc.

40% - Geo-Agri-Tech, Inc.

ECONOMIC HIGHLIGHTS

40 ACRES GREENHOUSES

Investment	$10,000,000.
Gross income per year in 4 years with mature operation	7,200,000.
Operating cost per year	3,239,000.
Net earnings per year after taxes	3,961,000.
P/E ratio	2 to 1

CONTRIBUTIONS OF PRINCIPALS

Each company would supply to the venture the following:

From Alexander & Baldwin, Inc.:

- $10 Million working and start up capital
- Technical and legal support if needed
- Personnel for future operations

From Geo-Agri-Tech, Inc.:

- Personnel (Labor and Management)
- Consultants
- Identification of suitable land
- Operational Expertise
- Plans and Engineering
- R. & D. Technology
- Marketing
- Training for A & B personnel

BENEFITS TO PRINCIPALS

- A substantial return on investment within a relative short time (five years).

- Forefront of advanced agro technology offering large growth opportunities.

- A substantial tax benefit for 6 years (see Revised Dixon Memo, 6-17-82).

- An integrated agro complex maximizing the economic utilization of labor, energy and water. Labor cost in Arizona ....$3.50/hr.
  Labor cost in Hawaii ....$6.50/hr.

- Benefits of developing know-how, climate at 38° latitude, and identifying other shallow geothermal water in area could launch similar economic unit ventures.

- A turn-key transition from construction, training, and operation of a full scale unit.

- Some of the most experienced expertise in geothermal resource development in the world.

- Proven marketing know how,(see addenda - Castellini letter).

- Exclusive to the San Simon property is the use of natural gas at utility rates from El Paso Natural Gas Co. pipe line near property. Use limited to emergency supplemental heat and CO_2 enrichment.

- November thru March production due to mild and sunny fall and winter in Arizona vs. Ohio lack of production during this period.

- Annual cost of heating 40 acres of greenhouses:
  Geothermal in Arizona by GAT $100,000
  Natural gas in Arizona 1,000,000
  Natural gas in Ohio 3,300,000

- Savings over competition would allow rapid expansion by A & B to 400 acres of geothermally heated greenhouses in Arizona.

FACILITIES

The production facility would consist of a 5-acre greenhouse complex the first year, 15 additional acres the second year, and 20 additional acres the third year.

Construction

Each individual greenhouse unit consists of a metal frame wrapped by plastic, 2½ acres in size. Each unit is environmentally controlled for heat, light, water, and soil bedding condition to selectively control the growing requirements and maturity of each desired agro product, ideally timed to arrive at the marketplace on a year round basis.

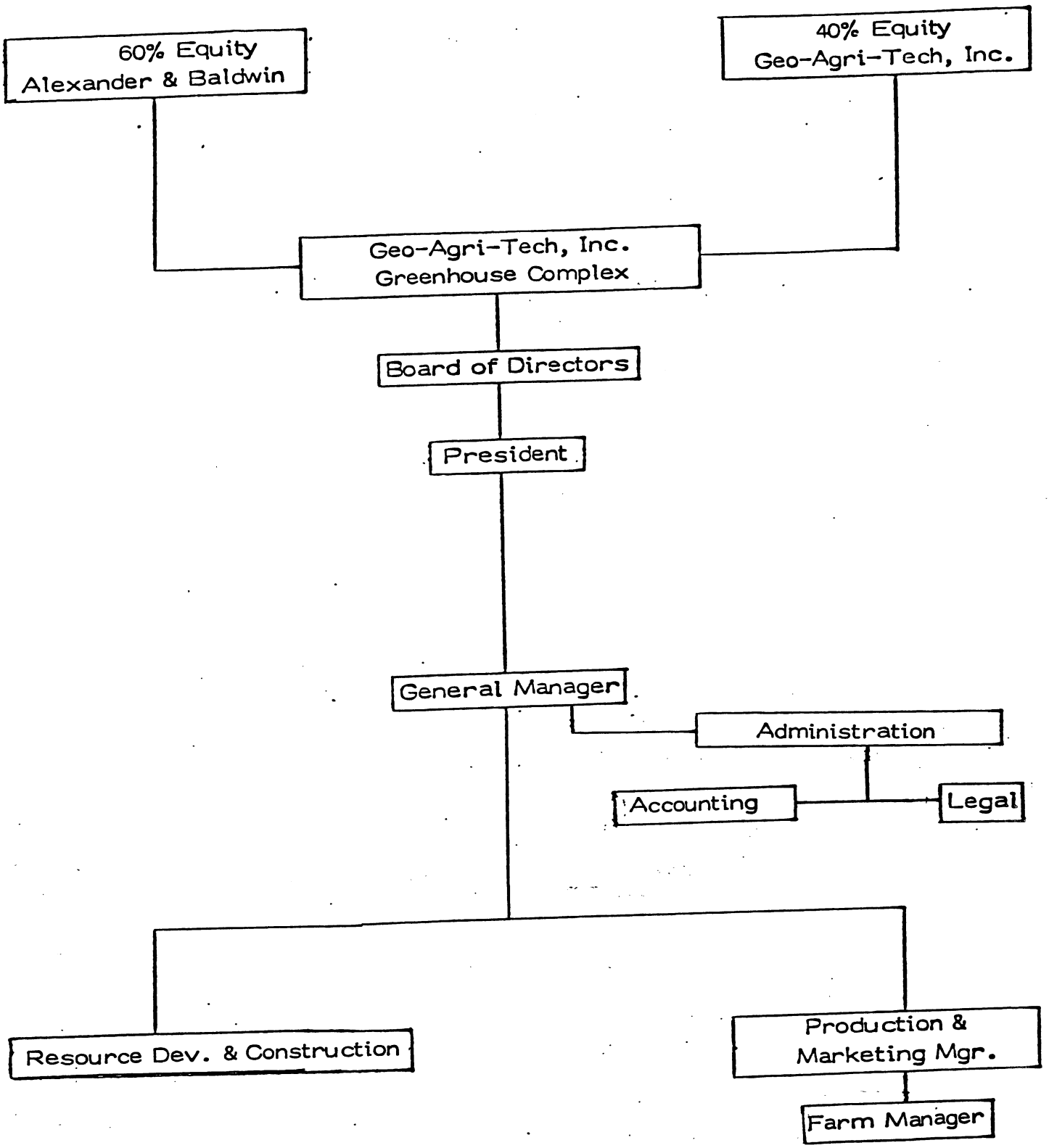
A storage area, packing area, and truck loading and transportation distribution area, will be provided.

Other Considerations

Cooperation and an information exchange with the agro technology departments of the state universities and junior colleges will be encouraged and supported in order to develop a cadre of highly skilled permanent employees to constantly update the latest technologies available.

ORGANIZATIONAL CHART

June, 1982



CASH FLOW PRO FORMA
FIVE YEAR SUMMARY

40 ACRES

SAN SIMON, COCHISE COUNTY, ARIZONA, GREENHOUSES

TOMATOES

($000)

Year	1	2	3	4	5
A & B Invest	10,000	0	0	0	0
Constr. Costs	1,605	3,024	2,695	0	0
Land Costs	264*	0	0	0	0
Gross Income	0	3,168	7,200	7,200	7,200
Oper. Costs	525	2,151	3,849	3,239	3,239
Net Profit	(-525)	1,017	3,351	3,961	3,961
Gain or (Loss)	7,606	(-2,007)	656	3,961	3,961
Accum. Cash Flow	7,606	5,599	6,255	10,216	10,216

* Changed from 320 acres @ $264,000 to 1107 acres @ $910,000.

GRW/10-17-81

ORDER OF MAGNITUDE ECONOMIC PROJECTION (Greenhouse Only)

EXHIBIT "A" GEOTHERMALS ($000)

OPERATIONS 40 ACRES

Year	1982	1983	1984	1985	1986	1987	1988
Construct.-Acres	5	15	20	0	0	0	.0
Produce - Acres	0	20	40	40	40	40	40
Gross Sales	0	3,168	7,200	7,200	7,200	7,200	7,200
On Prod. #/Plant	0	13.2	15	15	15	15	15
Operating Costs							
Rentals Land & Equip.	10	36	36	36	36	36	36
Packaging	0	203	463	463	463	463	463
Utilities:							
Elec.@5¢/Kw hr.	6	89	178	178	178	178	178
Heating @50¢/MM BTUs	19	75	150	150	150	150	150
Water @$32/AF	3	8	15	15	15	15	15
Supplies & Materials	40	320	640	640	640	640	640
Prod. Lab.	132	524	1,047	1,047	1,047	1,047	1,047
Start up	150	450	600	-	-	-	-
Insurance	5	40	80	80	80	80	80
Sub Total Prod. Costs	365	1,745	3,209	2,609	2,609	2,609	2,609
Indirect Costs							
Marketing	25	216	460	460	460	460	460
Overhead (Phone Fees, Mgr., Travel, Legal, Acctg., etc.)	135	190	180	170	170	170	170
Sub Total Indirects	160	406	640	630	630	630	630
Results of Operations & Marketing	(-525)	1,017	3,351	3,961	3,961	3,961	3,961

GEO-AGRI-TECH, INC.
ORDER OF MAGNITUDE COST OF CONSTRUCTION
EXHIBIT "B"

	1st Year 5 Acres	2nd Year 15 Acres	3rd Year 20 Acres	Total 40 Acres
Grub, Bulldoze, Level, Drain 60 Acres @ $200/Acre	$ 12,000.	-	-.	$ 12,000.
Roads, Piping, Tel., Power	50,000.			50,000.
Piping Greenhouses	50,000.	$ 150,000.	$ 200,000.	400,000.
Construct Greenhouses Incl. Cooling, Heating, Plastics, Packing House, etc.				
5 Acres:	1,100,000.			
15 Acres:		2,000,000.		
20 Acres:			1,400,000.	4,500,000.
Geothermal Wells Compl. @$25,000/ea.	50,000.		25,000.	75,000.
Engr., Constr. Supv., Procurement @8%	123,000.	224,000.	200,000.	547,000.
Sand Beds & Plastic Base @$1.00/S.F.	220,000.	650,000.	870,000.	$1,740,000.
Totals	$1,605,000.	$3,024,000.	$2,695,000.	$7,324,000.

Conceptual Estimate

Figures do not match Fund Distribution Chart

FUNDING DISTRIBUTION CHART
1ST YEAR ESTIMATED SCHEDULE OF EXPENDITURES

	ELEMENTS	FUNDING $	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
1.	Land Acquisition (1107 acres-San Simon, AZ)	910,000	910 K											
2.	Licensing-Permitting	3,000		1 K	2 K									
3.	Greenhouse/Thermodynamics Specifications/Engineering	25,000	25 K											
4.	Site Eng'rg (60 acres)	5,000		5 K										
5.	Site Preparation	12,000		12 K										
6.	Geothermal Test Well	30,000	*RFQ		30 K									
7.	2 Geothermal Wells/Eqm't	200,000	RFQ		50 K	150 K								
8.	Roads, Piping, Power/5 acres	100,000			100 K									
9.	Greenhouse Construction/5 acres (Heating-Cooling-Piping-Elec.)	1,600,000		RFQ			400 K	400 K	400 K	400 K				
10.	Natural Gas Line Piping-3 Mi. (Emergency Standby System)	32,000	RFQ	32 K										
11.	Start Up -(Materials-Employee Hiring/Training)	150,000					15 K	35 K 100 K						
12.	Direct Labor	18,000							3 K	3 K	3 K	3 K	3 K	3 K
13.	Supervision	24,000					3 K	3 K	3 K	3 K	3 K	3 K	3 K	3 K
14.	Tomato Seedlings (50,000)	25,000		RFQ	25 K		← Plant →		← Grow Period 130 Days →			← Harvest 70 Days →		
15.	Packaging Materials	35,000					RFQ				5 K	20 K	10 K	
16.	Marketing	25,000		5 K	10 K	10 K								
17.	Packing Shed/Loading Terminal-Refrigeration	75,000		Negotiations		Contracts	RFQ		25 K	50 K				
18.	Consultant Fees (as req'd.)	240,000	20 K	20 K	20 K	20 K	20 K	20 K	20 K	20 K	20 K	20 K	20 K	20 K
19.	Support Facilities/Eqm't.													
	a. Office-(Modular)/Eqm't	10,000		10 K										
	b. Eqm't Shed "	15,000				15 K								
	c. Mobile Eqm't (Lease)	12,000	1 K	1 K	1 K	1 K	1 K	1 K	1 K	1 K	1 K	1 K	1 K	1 K
	d. Tools-Spare Parts Inventory	10,000					2.5 K	2.5 K	2.5 K	2.5 K				
20.	General Manager	75,000	6.25 K	6.25 K	6.25 K	6.25 K	6.25 K	6.25 K	6.25 K	6.25 K	6.25 K	6.25 K	6.25 K	6.25 K
21.	Administrative (Office-Legal-Acct'g-Purchasing-Travel Exp.)	96,000	8 K	8 K	8 K	8 K	8 K	8 K	8 K	8 K	8 K	8 K	8 K	8 K
22.	Contingencies (as req'd)	60,000	5 K	5 K	5 K	5 K	5 K	5 K	5 K	5 K	5 K	5 K	5 K	5 K
	Total	3,787,000	975,250	105,250	257,250	215,250	895,750	945,750	73,750	98,750	71,250	56,250	46,250	46,250

*RFQ (Request for Quotation)

HMK/vih
Geo-Agri-Tech, Inc.
Tucson, Arizona
June, 1982

40 ACRE GEOTHERMAL (110°F.) GREENHOUSE

CRITERIA

USED TO DEVELOP THE CONCEPTUAL ECONOMIC PROJECTION

- 40 Acres by experience has proven to be the ideal management, marketing and growing unit.
- 60¢/# value of crop, 1981, F.O.B.SanSimon,10,000 plants per acre, 2 crops/year.
- 4.5¢/# packaging cost.
- Utilities 40 HP/Acre.
- Water @$21/AF, 400 acre feet/year.
- One major chain grocery distributing center uses approx. 12,000,000#/year of tomatoes, which equals the normal production rate of a 40 acre greenhouse.
- Labor would approximate 120 people/40 acre unit.

ANNUAL COST OF HEATING 40 ACRES
(IN U.S. DOLLARS)

1970 – Old Design

Ohio	Natural Gas	$ 277,000	(12%)
Arizona	" "	$ 83,125	(4%)
Mexico	Fuel Oil	$ 240,000	(11%)

1977 – Old Design

Ohio	Fuel Oil	$1,600,000	(72%)
Arizona	Natural Gas	$ 320,000	(15%)
Mexico	Fuel Oil	$ 240,000	(11%)

1981 – New Design

Ohio	Fuel Oil	$2,216,673	(100%)
Arizona	" "	$ 665,000	(30%)
Mexico	" "	$ 125,000	(6%)

1983 – Geothermal/Solar

Ohio		Not Available	
Arizona		$ 100,000 (Fixed)	
Mexico		$ 180,000 (Fixed)	

ADDENDA

TAX MEMORANDUM

GEO-AGRI-TECH, INC. GREENHOUSE PROJECT

June 17, 1982

THIS REPORT REVISES PREVIOUSLY ISSUED REPORT DATED NOVEMBER 5, 1981

Scope

This memorandum will determine the projected corporate income tax liability of a program of controlled-environment agriculture proposed by Geo-Agri-Tech, Inc. for the commercial production of tomatoes over the first seven years of operation. The income tax consequences will be determined by taking into account the allowable depreciation and depletion deductions, deductions for intangible drilling costs (IDC's), and investment credits as they apply to certain projections of operations which have been provided by Geo-Agri-Tech. DIXON & COMPANY, LTD., Certified Public Accountants, does not offer an opinion or any other form of assurance that the operating projections are realistic or achievable. The income tax consequences will be based on certain assumptions by DIXON & COMPANY, LTD., C.P.A.'s, with respect to the application of the income tax law which will be stated herein.

Conclusions

The projected program, operated as a corporation, will not incur a federal or state income tax liability during the first four years of operation as a result of net operating losses and loss carryovers.

During the fifth year (1986), the federal income tax is eliminated by the application of the remaining net operating loss carryovers and investment tax credit carryovers. A state income tax will be payable. Both federal and state income taxes will be payable in the sixth year (1987). However, $328,000 of the federal liability will be offset by the remaining investment tax credit carryovers.

By the seventh year (1988) all net operating loss and investment tax credit carryovers will be exhausted and the entire amount of federal and state income taxes will be payable.

It should be noted that in 1989, the eighth year of the project, the depreciation deduction amounts to only $3,330. All of the greenhouse depreciation will have been used by this year. However, percentage depletion may be available in this year up to $22,500 (15% x $150,000) if certain assumptions are correct. As a result, net income before taxes will increase approximately $540,000 using the same revenue and expense assumptions.

Depreciation Deductions

The production facility will consist of a 40-acre greenhouse complex constructed over a three-year period on approximately 40 acres of land.

Each individual greenhouse unit consists of a metal frame wrapped by plastic, 2½ acres in size, located on a prepared soil bedding. Each unit is environmentally controlled for heat, light and water. A storage area, packing area, and truck loading and transportation distribution area will be provided.

Depreciation deductions will be determined under the Accelerated Cost Recovery System (ACRS) in effect under the Economic Recovery Tax Act of 1981 (ERTA). While deductions under ACRS are designated "recovery deductions", they are in effect depreciation and will be referred to as such herein.

Tax law classifies a greenhouse as a "single purpose horticultural structure", Code §48(p)[1/], which for the purposes of depreciation, is 5-year class property, Code §1245(a)(3)(E), Code §168(c)(2). The entire cost of 5-year class property is deducted in five years starting with the tax year the facility is placed in service. Under ACRS the length of

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1/ All Code references are to the Internal Revenue Code of 1954, as amended.

time 5-year class property is actually in service during the tax year is immaterial and the amount of deduction is based on the assumption all property is placed in service at the mid point in the tax year.

For the purpose of computing depreciation deductions for the greenhouses we will assume the accelerated rate is used and that the corporation does not use a short taxable year.

Various construction costs have been projected by Geo-Agri-Tech including those for greenhouse construction, engineering and administration, piping, and for sand beds. These costs are all identifiable primarily with the greenhouse structure and will be assumed to be properly treated as acquisition costs of the greenhouses and, therefore, 5-year class property. In fact some portion of the engineering costs may be properly allocable to other property, but this allocation will not have a material effect on the income tax and is ignored.

Other costs will be expended to provide roads and power on the site. These improvements will be classified under ACRS as 15-year property. Unlike 5-year, the actual period 15-year real property is in service during the first year effects the amount of the deduction. We will assume all such property is placed in service at mid-year. We will further assume an election is made to use a straight-line method for computation of the depreciation deduction because such an election will not cause any immediate tax disadvantages and will ultimately avoid "recapture" of the deductions taken. (See discussion on "recapture" below).

Certain costs to prepare the land will be incurred. Whether any of these costs will be deductible depends on whether they are associated with the permanent value of the land or specifically associated with the production structures and would become valueless if the structure were abandoned or removed. A conservative view is that the land improvement costs are not deductible.

The costs associated with geothermal wells are discussed below.

Based on this analysis and the assumptions therein, depreciation deductions for the first ten year's of the project are summarized in Table 1, attached hereto.

Investment Tax Credits

Ordinarily investment tax credits are not available for real property and its structural components. However, a greenhouse which is characterized as a single purpose horticultural structure, is property on which investment tax credits may be available. Code §48(a)(1)(D).

To qualify as investment credit property the structure (greenhouse) must be used exclusively for the purpose for which it was specifically designed and constructed. This use requirement disqualifies a greenhouse if part of it contains checkout stands used to sell plants or their product, Conf. Rept. PL 95-600, 11-6-78, P228.

However, a greenhouse will be eligible for the investment tax credit if working space is provided for caring for the plants or for gathering produce such as tomatoes. In addition, working space may be provided to maintain the structure and to maintain or replace the equipment within the structure. Code §48(p)(4).

It is essential that administrative offices are not contained in the production structure if it is to qualify for investment tax credit.

If the greenhouses qualify for the investment tax credit, investment tax credits equal to 10% of the construction costs are available for 5-year class property. Table 2 attached summarizes the allowable investment credits.

Intangible Drilling Costs

The tax law provides for an election to expense certain geothermal well drilling costs. Code §263(c). The expenses which may be deducted are intangible drilling and development costs (IDC's) which are generally any cost for an item without any salvage value. IDC's include wages, fuel, repairs, supplies and other costs in the drilling of wells, in cleaning off ground, draining, road-building, or surveying and geological work.

Excess IDC deductions are a tax preference item for income tax purposes. In a year in which the taxpayer does not have any tax liability, the excess deduction should be limited to $10,000 which is the tax preference exclusion amount. The balance is then capitalized.

We will limit this deduction to $15,000 under the assumption the corporation will have no tax liability in the years the drilling costs are incurred and $5,000 will not be an excess IDC deduction.

It is worth noting at this point, that it may be advisable to place the geothermal heat delivery system in a separate corporation. This could enhance the benefit from IDC's as well as from depletion which is discussed below.

Depletion

Tax law specifically provides for percentage depletion for the production from geothermal deposits. Code §613(e) and (b)(3). Percentage depletion is calculated by multiplying the "gross income

from the property" by the depletion percentage for geothermal deposits[1/] and the result is then compared with 50% of the taxable income from the property before depletion. The lessor amount is the percentage depletion allowance. If this amount is greater than for cost depletion, percentage depletion applies.

Since the corporation will not have taxable income in the early years due to low sales and substantial depreciation deductions, percentage depletion would not be applicable. However, it may become a factor when the corporation generates taxable income. At such time there is an additional question as to what the "gross income from the property" is since the geothermal product is produced and consumed by the same entity. It is beyong the scope of this report to resolve this question.

During years that percentage depletion is not available, cost depletion will be available. Cost depletion represents the amortization of the cost of the geothermal well over its productive life on the basis of the units of product produced. The amortizable basis will consist of the total geothermal well costs less $15,000 I.D.C. deductions taken in 1982 and 1984 for a net amount subject to depletion of $45,000. If the estimated productive life of the wells is 10 years and an even production rate is assumed, estimated annual cost depletion would be $4,500 per year. This estimate assumes that no portion of the land cost is allocable to the geothermal deposit resource.

1/ Code §613(e)(2):

Year	Geothermal deposit Depletion Percentage
1982	18
1983	16
1984 and thereafter	15

Percentage depletion in excess of the adjusted basis of the property is a tax preference item and may generate a minimum tax.

As noted above, greater depletion benefits (as well as I.D.C. benefits) may be available if the geothermal well operation is conducted in a separate corporation.

Other Matters

a. Recapture - Although a sale of the project is not contemplated at this time, it is appropriate to note that, since the greenhouses are Code §1245 property, all depreciation deductions allowed will be subject to "recapture" when the property is sold by the corporation. The result is that gain on the sale, up to the amount of the depreciation deduction, must be treated as ordinary income.

The depreciation on real property will not be subject to recapture if the straight-line rate is elected.

Investment tax credit recapture will occur if the greenhouses are sold or cease to be used as investment credit eligible property prior to five full years of service. Under ACRS, investment credit is earned at the rate of 2% of the investment per year up to a total of 10%.

b. Under ERTA '81, a new tax credit is available for research and experimental expenses such as qualified wages, supplies and the right to use personal property, such as a computer. Considering the nature of the project, it may be feasible to qualify for these credits.

TABLE 1. GEO-AGRI-TECH, INC.
Depreciation Projection

Greenhouses	1982	1983	1984	1985	1986	1987	1988	Total
Piping	7,500	33,500	73,500	86,000	84,000	73,500	42,000	400,000
Construction	165,000	542,000	881,000	959,000	945,000	714,000	294,000	4,500,00
Engineering	18,450	60,660	105,110	116,870	114,870	89,040	42,000	547,00
Sand Beds & Plastic	33,000	145,900	319,700	374,100	365,400	319,200	182,700	1,740,00
	223,950	782,060	1,379,310	1,535,970	1,509,270	1,195,740	560,700	7,187,00
Real Property(Roads, Etc)	3,333	3,333	3,333	3,333	3,333	3,333	3,333	23,33
Total Depreciation	227,283	785,393	1,382.643	1,539,303	1,512,603	1,199,073	564,033	7,210,33

TABLE 2. GEO-AGRI-TECH, INC.
Projected Investment Credit

	1982	1983	1984	Total
Greenhouses				
Piping	50,000	150,000	200,000	400,000
Construction	1,100,000	2,000,000	1,400,000	4,500,000
Engineering	123,000	224,000	200,000	547,000
Sand Beds & Plastics	220,000	650,000	870,000	1,740,000
Total Qualified Investment	1,493,000	3,024,000	2,670,000	7,187,000
10% Investment Credit	149,300	302,400	267,000	718,700

TABLE 3. GEO-AGRI-TECH, INC. TAX CALCULATIONS

Safford Geothermals

40 Acres ($000)

YEAR	1982	1983	1984	1985	1986	1987	1988
Construction - Acres	5	15	20				
Produce		20	40	40			
Sales Revenue	-0-	3168	7200	7200	7200	7200	7200
Net Income Before Fed. Taxes (Per Geo-Agri-Tech, Inc.)	(1034)	(243)	1738	2394	2349	2411	2477
Adjustments:							
Add: Depreciation Assumed	200	578	916	916	916	916	916
Less: Depreciation per Table 1.	(227)	(785)	(1383)	(1539)	(1513)	(1199)	(564)
Total	(1061)	(450)	1271	1771	1752	2128	2829
Other Deductions:							
Intangible Drilling Costs	(15)		(15)				
Cost Depletion	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Interest During Construction (Per Geo-Agri-Tech, Inc.)	(300)	(630)	(1332)				
Net Income Before Taxes	(1381)	(1085)	81	1766	1747	2123	2824
Income Tax Expense (See Table 4)	-0-	-0-	-0-	-0-	118	721	1375
Net Income	(1381)	(1085)	81	1766	1629	1402	1449

TABLE 4 GEO-AGRI-TECH, INC.

Income Tax Expense ($000)

Year	1982	1983	1984	1985	1986	1987	1988
Net Operating Loss (NOL)							
NOL-current year	(1381)	(1085)	-0-	-0-	-0-	-0-	-0-
NOL-prior years accumulative	-0-	(1381)	(2466)	(2385)	(619)	-0-	-0-
NOL-available	(1381)	(2466)	(2466)	(2385)	(619)	-0-	-0-
NOL-deduction-current year (124)	-0-	-0-	81	1766	619	-0-	-0-
NOL-carryover	(1381)	(2466)	(2385)	(619)	-0-	-0-	-0-
Investment Tax Credit (ITC)							
ITC-current year (Table 2)	149.3	302.4	267.0	-0-	-0-	-0-	-0-
ITC-prior years accumulative	-0-	149.3	451.7	718.7	718.7	327.7	-0-
ITC-available	149.3	451.7	718.7	718.7	718.7	327.7	-0-
ITC-used	-0-	-0-	-0-	-0-	(391.0)	-0-	-0-
ITC-carryover	149.3	451.7	718.7	718.7	327.7	-0-	-0-
Income Tax Computation							
Net Income Before Taxes			81	1766	1747	2123	2824
NOL Deduction			(81)	(1766)	(619)	-0-	-0-
Taxable Income			-0-	-0-	1128	2123	2824
State Income Tax (10.5%)					118	164	170
Federal Income Tax					391	885	1205
Less: ITC carryover					(391)	(328)	-0-
TOTAL INCOME TAXES					118	721	1375

June, 1982

LIST OF PRINCIPALS AND PARTIAL BIOGRAPHIES

GEO-AGRI-TECH, INC.

THOMAS ATHERTON — President (Director)

Biography not available at press time.

HOWARD M. KINCHELOE — Vice President & General Manager (Director)

AL GERHART — Vice President, Consultant and Manager of Production and Marketing (Director)

G. ROBERT WYNNE — Vice President, Consultant and Manager, Geothermal Resource Development and Construction (Director)

E. GROVER HEINRICHS — Vice President, Consultant, Administration & Licensing (Director)

ALF (BUD) CLARIDGE — Consultant, Farm Manager (Director)

J. L. BURKE — Consultant, Business Management (Director)

AL GERHART
6346 Avon Belden Road
No. Ridgeville, Ohio 44039

- Owner - Operator of Gerhart & Son Greenhouse, Inc. Three acre tomato and cucumber greenhouse operation. Environmentally automatically controlled greenhouse complex with the highest per acre production records of the Eastern U. S. and Canada, producing up to 250,000 pounds of tomatoes per acre per year, and 350,000 pounds of cucumbers per acre per year.
- Former President and General Manager of Greenhouse Vegetable Packing Company. This company had 74 greenhouse growers with a combined acreage of 250 acres of greenhouses supplying truck garden vegetables.

  Radical changes in his management and procedure increased their net profit by increasing production and decreasing costs.

  Responsible for $7,000,000.00 worth of produce consisting of 28 to 30 million pounds of tomatoes annually.

  Personally directed research and development and product promotional programs. The sales portion of the company was merged with the Cleveland Growers Marketing Company.

- Established consulting service to various institutions, investors and growers regarding greenhouse management and production.

- Former Executive Vice President and General Manager of Hawaii Koi Corporation, and is presently a consultant to the corporation.

- Past President of Northern Ohio Truck Farmers Association.

- Chairman of the Ohio Greenhouse Legislative Committee for 7 years.

- Chairman of the Greenhouse Educational Committee for 10 years.

- Chairman of the Midwest Greenhouse Conference for 6 years.

- Introduced and promoted the European cucumber to the Eastern U. S. This cucumber is now widely accepted throughout the U. S. and Canada and is grown in 300 acres of greenhouses.

- Has developed many worker aids and innovations in general use in greenhouses throughout the world.

G. ROBERT WYNNE
GEOTHERMAL UTILIZATION CONSULTANT

1865 W. 36th Street
Tucson, Arizona 85713

11 years of geothermal and twenty-nine years of other experience, from research to engineering and general management, in natural resource extractive fields and steam-jet refrigeration.

Consulting Engineer, Imperial Valley geothermal project, primarily for joint venture of Southern Pacific Land Company, Southern California Edison, Phillips Petroleum. Tested and operated wells, trained crews, developed procedures, solved problems. Studied nonelectrical utilization of geothermal energy with representatives of agricultural and utilities industries, and county development organizations.

Prior experience included General Manager of: Mineral Slag Company, a Malayasian mining company, a machinery manufacturing company; and Consultant to Western Knapp (A.G. McKee), Marcona, Bunker Hill, and five other companies.

Built Aerofall Mills business from $500,000 to $20,000,000 per year in three years.

Pioneered in development of techniques, equipment and process for treating taconite, now the principal source of domestic iron ore.

Prepared an economic study of an iron deposit that enabled a client to sell his interest for $8,000,000 vs. his cost of $1,000,000.

Last six years developing geothermal greenhouse concepts S.E. Arizona.

Education and Registration

Engineer of Metallurgy, Colorado School of Mines

Registered Professional Engineer

Member AIME

HOWARD M. KINCHELOE

2136 Calle De Vida, Tucson, Arizona 85715

Mr. Kincheloe has been employed in business enterprises related to mining, manufacturing, engineering, refining, transportation and aviation. He was a U.S. Navy patrol plane commander before joining Pan Am Airways, Inc.

1941 - Aviation consultant in the Dutch East Indies for the Royal Netherlands Navy. Flight Captain for TWA, training 4 engine pilots. Chief of Flight Operations for Convair. Test pilot for Chance Vaught.

1955 - Business Systems Engineer for Hughes Aircraft to develop and implement computerized systems for manufacturing, accounting and engineering.

1973 - Developed cost accounting and maintenance systems for Hecla Mining Co.

1978 - Connected with ASAMCO, International, Houston, TX. Vice Pres. of Transportation and Assistant to the Chairman of Airtex Transportation, Inc. re construction projects in Saudi Arabia.

1946 - Sales Manager, Somerset Refinery, Somerset, KY.

1970 - Gen. Manager, Action Chemical Co., Phoenix, AZ.

E. GROVER HEINRICHS

1802 W. Grant Road, Suite 110-4

Tucson, Arizona 85745

- 34 years of experience in mining and related businesses.
- 2 years of experience in the ranching business in Wyoming.
- Worldwide experience in project management.
- Former Managing Director of the British Columbia Copper Smelter Project.
- Former advisor in mining to the Chairman of the Board of Essex International.
- Present owner of E. Grover Heinrichs & Associates, a resource project management firm.

ALF (BUD) CLARIDGE
P. O. Box 296
Safford, Arizona 85546

- Eastern Arizona College (Thatcher, AZ).
- Farmed 2000 acres cotton, hay, grain and sileage.
- Ranched 2000 mother cows and feed lot.
- Farrow to finish experience in hog raising.
- Custom farm work including lazer leveling and design.
- Irrigation systems installation and design.
- Contracted and subcontracted highway construction, mining roads and assessment.
- 13 years of experience in farming, ranching and heavy construction, S.E. Arizona.
- Budgets and bookkeeping.
- Engineering company resident manager, Gila Valley Irrigation District.

J. L. BURKE
1802 W. Grant Road, Suite 110-42
Tucson, Arizona 85745

Prior to 1941	Business Administration Major, Boston University Sales Manager, automobile agency.
1941 - 1945	Finance Officer, U.S. Air Force.
1946 - 1950	Director, Sales and Distribution Research, Opinion Research Corp., Princeton, New Jersey.
1963 - 1974	Manager, Marketing and Sales, Prolon Division, Standard Oil Company of Ohio.
1975	Marketing and Sales Consultant, National Home Products, Buffalo, New York.
1976 - 1979	President, Travel Center Inc., Tucson, Arizona, a large travel agency.
1980 - to present	Owner - Manager, J. Lambert Company, a management consulting firm.

THE CASTELLINI COMPANY
2 PLUM STREET
CINCINNATI, OHIO 45202

(513) 762-3650

ROBERT H. CASTELLINI
PRESIDENT

June 17, 1982

Mr. Howard M. Kincheloe
Director of Finance
Geo-Agri-Tek, Inc.
1865 West 36th Street
Tucson, Arizona 85713

Dear Howard:

In reference to your letter of June 7, 1982, I submit to you the following information:

1. The 60 cents per pound Tomato projection, I feel, is not unreasonable for your 5X6 and larger U.S. No. 1 Tomatoes. The crucial element here, of course, is how much of your production will be comprised of large U.S. No. 1 Tomatoes.

2. Your intention of contracting approximately 80 percent of your production is potentially viable and certainly would be the most intelligent marketing thrust that you could make. When you have what could be the most outstanding product on the market, you should not have to be totally dependent upon the wide fluctuations in price which are so typical of our tomato industry. Once again, the quality of your tomatoes will be the determining factor here.

3. I have sent a copy of your package to Jack Lang of The Kroger Company and have discussed your program with him at length. He and I will certainly look forward to meeting with you and your associates when the time arises.

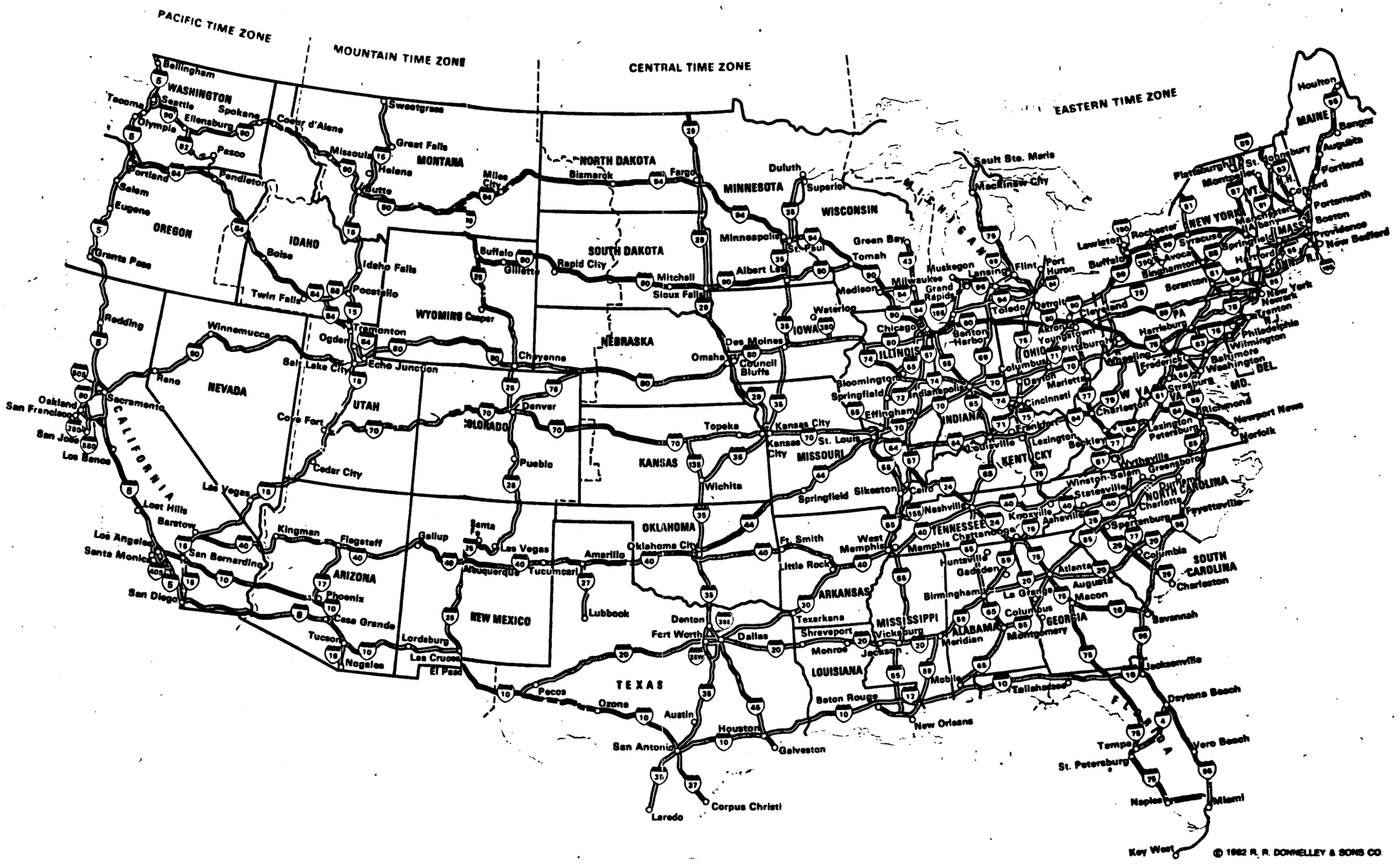
It seems to me, Howard, that the geothermal energy coupled with the desert sun will certainly minimize the most expensive part of your proposed large greenhouse operation. If effective production techniques are utilized and a most thorough quality control program adhered to, your project should be quite successful.

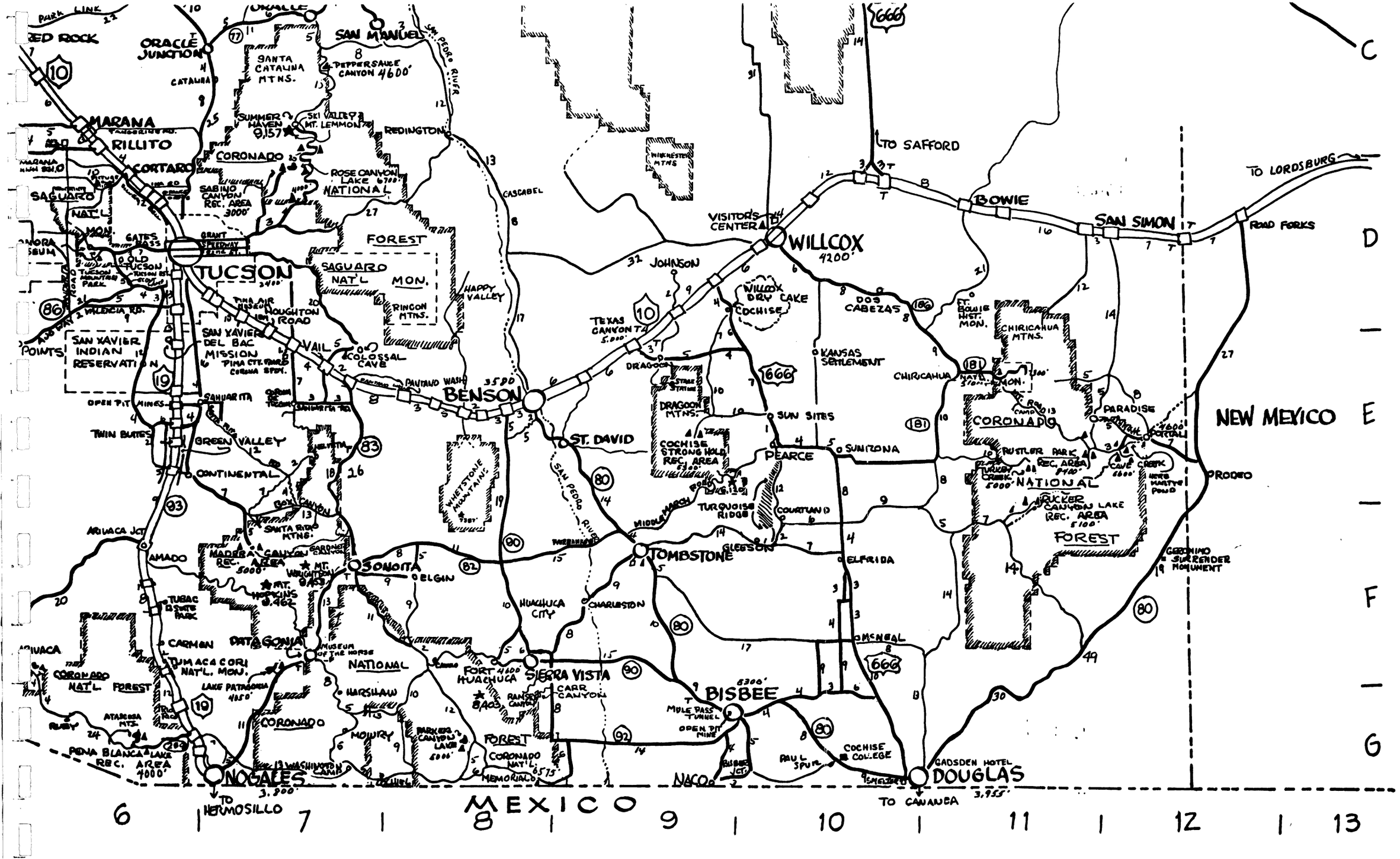
We look forward to hearing from you in the near future.

Sincerely,

RHC:ch

U.S. INTERSTATE HIGHWAY SYSTEM




ORACLE JUNCTION
SAN MANUEL
SANTA CATALINA MTNS.
PEPPERSAUCE CANYON 4600'
MARANA
RILLITO
CORTARO
SUMMER HAVEN 9,157
SKI VALLEY MT. LEMMON
REDINGTON
CORONADO NAT'L FOREST
ROSE CANYON LAKE 6700'
SABINO CANYON REC. AREA 3000'
SAGUARO NAT'L MON.
GATES PASS
TUCSON
OLD TUCSON
TUCSON MOUNTAIN PARK
SAGUARO NAT'L MON. RINCON MTNS.
HAPPY VALLEY
SAN XAVIER INDIAN RESERVATION
SAN XAVIER DEL BAC MISSION
PIMA CTY. FAIRGROUNDS
VAIL
COLOSSAL CAVE
PANTANO WASH
BENSON 3590
SAHUARITA
OPEN PIT MINES
TWIN BUTTES
GREEN VALLEY
CONTINENTAL
BOX CANYON
SANTA RITA MTNS.
ARIVACA JCT
AMADO
MADERA CANYON REC. AREA 5000'
MT. WRIGHTSON 9453
MT. HOPKINS 9,462
SONOITA
ELGIN
TUBAC STATE PARK
CARMEN
PATAGONIA
TUMACACORI NAT'L. MON.
CORONADO NAT'L FOREST
LAKE PATAGONIA 4050'
HARSHAW
CORONADO NATIONAL FOREST
MOWRY
PARKER CANYON LAKE 5000'
RUBY
ATASCOSA MTS.
PENA BLANCA LAKE REC. AREA 4000'
NOGALES 3,900
TO HERMOSILLO
WASHINGTON CAMP
HUACHUCA CITY
CHARLESTON
FORT HUACHUCA 4100'
SIERRA VISTA
CARR CANYON
RANGER CANYON
BISBEE 5300'
MULE PASS TUNNEL
OPEN PIT MINE
CORONADO NAT'L FOREST MEMORIAL 5575'
NACO
TOMBSTONE
GLEESON
TURQUOISE RIDGE
COURTLAND
PEARCE
SUNSITES
SUNZONA
DRAGOON
DRAGOON MTNS.
COCHISE STRONGHOLD REC. AREA 5300'
ST. DAVID
SAN PEDRO RIVER
WHETSTONE MOUNTAINS
TEXAS CANYON 5,000'
JOHNSON
WILLCOX 4200'
VISITOR'S CENTER
WILLCOX DRY LAKE
COCHISE
DOS CABEZAS
KANSAS SETTLEMENT
CHIRICAHUA
CHIRICAHUA NAT'L MON.
CHIRICAHUA MTNS.
FT. BOWIE HIST. MON.
BOWIE
SAN SIMON
ROAD FORKS
TO SAFFORD
TO LORDSBURG
NEW MEXICO
CORONADO
PARADISE
PORTAL
RUSTLER PARK REC. AREA 9400'
TURKEY CREEK 5000'
CAVE CREEK
HERB MARTYR POND
CORONADO NATIONAL FOREST
RUCKER CANYON LAKE REC. AREA 5100'
GERONIMO SURRENDER MONUMENT
PRODEO
ELFRIDA
MCNEAL
COCHISE COLLEGE
PAUL SPUR
GADSDEN HOTEL
DOUGLAS 3,955
TO CANANEA
MEXICO
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GEO-AGRI-TECH., INC.

A PROPOSAL

FOR

A 40 ACRE GREENHOUSE COMPLEX

PREPARED FOR

AN INVESTOR

BY

GEO-AGRI-TECH, INC.

FEBUARY , 1984

TABLE OF CONTENTS

FOR MORE INFORMATION PLEASE CONTACT:

E. Grover Heinrichs

E. GROVER HEINRICHS & ASSOCIATES

SUITE 110-4 1802 W. GRANT RD.
TUCSON, AZ. 85745 U.S.A.
PH. (602) 624-7421

FORWARD

Geo-Agri-Tech, Inc., an Arizona corporation with headquarters in Tucson, Arizona, is devoted to the development of innovative agriculture management for maximum production and profit. Unique marketing techniques, long range planning, and utilization of alternative and more economical geothermal energy under environmentally controlled conditions are some of the techniques used to achieve this.

Geo-Agri-Tech, Inc. accomplishes this through the practical application of technology that has gradually developed over a period of thirty-five (35) years through the combined technical talents of A. W. Gerhart and G. R. Wynne, two officers of Geo-Agri-Tech, Inc., and ably assisted by the business and organizational expertise of H. M. Kincheloe, E. G. Heinrichs, and other consultants as needed.

The economic key of this complex evolves around utilizing one or more geothermally suitable sites currently being considered and evaluated on the basis of the temperature, amount and quality of water available.

Geo-Agri-Tech, Inc. is currently considering as a prime site, an area known as "The Lightning Dock", located near Cotton City, in Hidalgo County, New Mexico. Geo-Agri-Tech, Inc. is concurrently evaluating other alternative sites on the possibility that Lightning Dock is not acceptable.

PROPOSAL

Geo-Agri-Tech, Inc., an Arizona Corporation, proposes to establish a joint venture program of controlled environment agriculture.

The joint venture would operate under the laws of Arizona, with start-up capital and operating expenses on the joint venture, to be paid by the investors. Construction, operation and marketing would be conducted by Geo-Agri-Tech, Inc.

The controlled environment agriculture would initially commence with a 5 acre geothermally heated (natural) greenhouse facility, and then would expand gradually to a 40 acre facility over a three-year period.

Geo-Agri-Tech, Inc. will entertain consideration of any reasonable financing plan that will assure the principals of adequate funds to accomplish the objectives as shown on Page 8, Table 1, of this report.

CONTRIBUTIONS OF PRINCIPALS

EACH PRINCIPAL WOULD SUPPLY TO THE VENTURE THE FOLLOWING:

FROM INVESTORS:

- $10 MILLION WORKING AND START UP CAPITAL

FROM THE OPERATORS:

- PERSONNEL (LABOR AND MANAGEMENT)
- CONSULTANTS
- IDENTIFICATION OF SUITABLE LAND
- OPERATIONAL EXPERTISE
- PLANS AND ENGINEERING
- R. & D. TECHNOLOGY
- MARKETING

ECONOMIC HIGHLIGHTS *

40 ACRES GREENHOUSES

Investment	$10,000,000.
Gross income per year in 4 years with mature operation	7,200,000.
Operating cost per year	3,239,000.
Net earnings per year after taxes	3,961,000.
P/E ratio	2 to 1

* As per Table 1

BENEFITS TO PRINCIPALS

- A substantial return on investment within a relatively short time (five years). See Page 8.

- A substantial tax benefit for 6 years (see Revised Dixon Memo dated 6-17-82).

- An innovative and unique integrated agro complex, maximizing the present advanced agro technology for the economic utilization of labor, energy and water, and offering large growth opportunities. Labor cost in Arizona .... $3.50/Hour.

- The identification of other shallow geothermal water in the area could launch similar economic unit ventures and major agro development for the region.

- A transition from construction, training, and operation of a full scale unit.

- Some of the most experienced expertise in geothermal resource development in the world.

- Proven marketing know-how. See Castellini letter.

- Ideal geographic location permits peak production at 32° latitude. November through March production due to mild and sunny fall and winter in Arizona vs. Ohio lack of production during this period.

- Annual cost of heating 40 acres of greenhouses:
  Geothermal in Arizona by Geo-Agri-Tech, Inc..... $ 100,000
  Natural gas in Arizona $1,000,000
  Natural gas in Ohio $3,300,000

- Savings over competition (particularly Mexico) may allow rapid expansion well in excess of 40 acres of geothermally heated greenhouses.

FACILITIES

The production facility would consist of a 5-acre greenhouse complex the first year, 15 additional acres the second year, and 20 additional acres the third year.

Construction

Each individual greenhouse unit consists of a metal frame wrapped by plastic, 2½ acres in size. Each unit is environmentally controlled for heat, light, water, and soil bedding condition to selectively control the growing requirements and maturity of each desired agro product, ideally timed to arrive at the marketplace on a year round basis.

A storage area, packing area, and truck loading and transportation distribution area, will be provided.

Other Considerations

Cooperation and an information exchange with the agro technology departments of the state universities and junior colleges will be encouraged and supported in order to develop a cadre of highly skilled permanent employees to constantly update the latest technologies available.

40 ACRE GEOTHERMALLY HEATED GREENHOUSE

CRITERIA USED

TO DEVELOP THE CONCEPTUAL ECONOMIC PROJECTION

- 40 acres, by experience, has proven to be the ideal management, marketing and growing unit (Studies by A. W. Gerhart and M. E. Cravens, Professor, Ohio State).

- 60¢/# value of crop, F.O.B. plant site, 10,000 plants per acre, 2 crops/year. This is based on experience of A. W. Gerhart and R. H. Castillini,(see Castillini letter).

- 4.5¢/# packaging cost, using plastic or fiber boxes, and loading on pallets with forklift or conveyor.

- Utilities estimated @40 HP/acre.

- Water estimated @$32/AF, 400 acre feet/year, per studies of Wynne, Superior Farms and Univ. of Arizona.

- One major chain grocery distributing center uses approx. 12,000,000#/year of tomatoes, which equals the normal production rate of a 40 acre greenhouse (A. W. Gerhart and M. E. Cravens, Professor, Ohio State).

- Labor would approximate 100 people/40 acre unit, using local migratory labor for minimum wage scale.

TABLE 1

ORDER OF MAGNITUDE ECONOMIC PROJECTION

EXHIBIT — GEOTHERMALS — ($000)

OPERATIONS — 40 ACRES

Year	1	2	3	4	5	6	7
Construct.-Acres	5	15	20	0	0	0	0
Produce - Acres	0	20	40	40	40	40	40
Gross Sales	0	3,168	7,200	7,200	7,200	7,200	7,200
On Prod. #/Plant	0	13.2	15	15	15	15	15
Operating Costs							
Rentals Land & Equip.	10	36	36	36	36	36	36
Packaging	0	203	463	463	463	463	463
Utilities:							
Elec.@5¢/Kw hr.	6	89	178	178	178	178	178
Heating @50¢/MM BTUs	19	75	150	150	150	150	150
Water @$32/AF	3	8	15	15	15	15	15
Supplies & Materials	40	320	640	640	640	640	640
Prod. Lab.	132	524	1,047	1,047	1,047	1,047	1,047
Start up	150	450	600	-	-	-	-
Insurance	5	40	80	80	80	80	80
Sub Total Prod. Costs	365	1,745	3,209	2,609	2,609	2,609	2,609
Indirect Costs							
Marketing	25	216	460	460	460	460	460
Overhead (Phone Fees, Mgr., Travel, Legal, Acctg., etc.)	135	190	180	170	170	170	170
Sub Total Indirects	160	406	640	630	630	630	630
Results of Operations & Marketing	(-525)	1,017	3,351	3,961	3,961	3,961	3,961

TABLE 2

CASH FLOW PRO FORMA

FIVE YEAR SUMMARY

40 ACRES

S.E. ARIZONA/S.W. NEW MEXICO GREENHOUSES

TOMATOES

($000)

Year	1	2	3	4	5
Investor	10,000	0	0	0	0
Constr. Costs	1,605	3,024	2,695	0	0
Land Costs	264	0	0	0	0
Gross Income	0	3,168	7,200	7,200	7,200
Oper. Costs	525	2,151	3,849	3,239	3,239
Net Profit	(-525)	1,017	3,351	3,961	3,961
Gain or (Loss)	7,606	(-2,007)	656	3,961	3,961
Accum. Cash Flow	7,606	5,599	6,255	10,216	10,216

TABLE 3

GEO-AGRI-TECH, INC.

ORDER OF MAGNITUDE COST OF CONSTRUCTION

EXHIBIT

	1st Year 5 Acres	2nd Year 15 Acres	3rd Year 20 Acres	Total 40 Acres
Grub, Bulldoze, Level, Drain 60 Acres @ $200/Acre	$ 12,000.	-	-	$ 12,000.
Roads, Piping, Tel., Power	50,000.			50,000.
Piping Greenhouses	50,000.	$ 150,000.	$ 200,000.	400,000.
Construct Greenhouses Incl. Cooling, Heating, Plastics, Packing House, etc.				
5 Acres:	1,100,000.			
15 Acres:		2,000,000.		
20 Acres:			1,400,000.	4,500,000.
Geothermal Wells Compl. @$25,000/ea.	50,000.	-	25,000.	75,000.
Engr., Constr. Supv., Procurement @8%	123,000.	224,000.	200,000.	547,000.
Sand Beds & Plastic Base @$1.00/S.F.	220,000.	650,000.	870,000.	$1,740,000.
Totals	$1,605,000.	$3,024,000.	$2,695,000.	$7,324,000.

WHY INVEST IN SOUTHWESTERN U. S. GREENHOUSE TOMATOES?

1. TOMATO MARKET POTENTIAL *

During the U. S. winter months (November through May) the fresh tomato consumption in the U. S. is approximately 1,000,000 tons. In Ohio (the former greenhouse capital of the U. S.) 500 acres of greenhouse production prior to 1974 represented less than 5% of consumption.

This share of production has rapidly decreased since the 1974 fuel crisis due to production costs (mainly fuel) significantly increasing. Present greenhouse production in Ohio is now less than 0.05% of consumption, and only serves a very limited and unsatisfied market area. The unsatisfied market potential in the U. S. appears to be in the range of 4,000 acres.

2. ADVANTAGE OF THE GREENHOUSE

The greenhouse tomato is the premium grade of tomato, and it is strongly preferred by consumers over field grown tomatoes because of its superior quality, better taste, uniform size and color, and longer shelf life. The greenhouse tomato brings a higher price over competing lesser quality field grown tomatoes, particularly in the Northeastern U. S. markets.

A consumer panel in Ohio conducted evaluation tests of consumer choices during the fall season tomato sales at 98 randomly selected stores in the Columbus and Cleveland areas. The results showed a preferance in the Columbus area for greenhouse tomatoes of over 50% of the sales, and in the Cleveland area, consumers preferred greenhouse tomatoes in over 75% of the sales.

3. THE IDEAL ECONOMIC SOLUTION

Mr. G. Robert Wynne, a metallurgist with many years of experience for a Phillips Petroleum/Southern Pacific joint venture geothermal program in the Salton Sea area of California, developed a low cost energy substitute for economical greenhouse operations. His development work and studies over the past few years show the following:

A. The ideal greenhouse locations in the United States would be Southeastern Arizona and Southwestern New Mexico, at 4,000 ft. elevation, using geothermal water, because of the high angle of the sun (longer growing period in winter) and relatively mild summers.

B. Heating cost comparisons between an Ohio and Arizona natural gas greenhouse, and an Arizona geothermal greenhouse on a 40-acre unit, are:

Natural Gas		Geothermal	
Ohio:	$3,300,000.00	Arizona:	$100,000.00
Arizona:	$1,000,000.00		

Mr. Al Gerhart of Cleveland, Ohio, is a world recognized authority on the growing and marketing of greenhouse tomatoes, and has long been frustrated by the problems of increasing fuel costs in the Northeastern U. S. and decreasing profits. He happened to meet Mr. Wynne a few years ago, and they decided to combine their skills in an effort to start a major greenhouse tomato complex in the Southwestern U. S. Their ideas evolved into this proposal.

4. ANTICIPATED PROFITS

Because of the unique greenhouse design and the savings by using geothermal heat, a pre-tax profit of $.27/lb. is indicated, based on an established selling price of $.60/lb. f.o.b. grower's loading dock.

As 10,000 tomato plants are utilized per acre, and a production rate of up to 30 lbs. per plant year can be achieved, a gross pre-tax return of $80,000.00 per acre is anticipated.

GREENHOUSE TOMATOES ARE AN INSURABLE CROP.

*Professor Cravens (Ohio State) Report

TAXES

FOX & COMPANY, successors to DIXON & COMPANY, LTD. of Tucson, Arizona, Certified Public Accountants, reviewed the prepared financial data of Geo-Agri-Tech, Inc.'s proposed geothermal greenhouse operation, and have submitted a detailed report titled, "Tax Memorandum for Geo-Agri-Tech, Inc., Greenhouse Project", dated June 17, 1982. Copies of this report are available on request. Their findings are summarized as a part of this proposal.

Local taxes by the county would be assessed property and improvement taxes and as yet are to be determined.

Income Tax

The income tax consequences will be determined by taking into account the allowable depreciation and depletion deductions, deductions for intangible drilling costs (IDC's), and investment credits as they apply to certain projections of operations which have been provided by Geo-Agri-Tech, Inc. FOX & COMPANY, successors to DIXON & COMPANY, LTD., of Tucson, Arizona, Certified Public Accountants, do not offer an opinion or any other form of assurance that the operating projections are realistic or achievable. The income tax consequences will be based on certain assumptions by DIXON & COMPANY, LTD.

The projected program, operated as a corporation, will not incur a federal or state income tax liability during the first seven (7) years of operation.

Depreciation Deductions

Depreciation deductions will be determined under the Accelerated Cost Recovery System (ACRS) in effect under the Economic Recovery Tax Act of 1981 (ERTA). While deductions under ACRS are designated "recovery deductions", they are in effect depreciation and will be referred to as such herein.

Tax law classifies a greenhouse as a "single purpose horticultural structure", which for the purposes of depreciation, is 5-year class property. The entire cost of 5-year class property is deducted

in five years starting with the tax year the facility is placed in service.

Other costs will be expended to provide roads and power on the site. These improvements will be classified under ACRS as 15-year real property. Depreciation deduction will be allowable through the 13th year.

Investment Tax Credits

Ordinarily investment tax credits are not available for real property and its structural components. However, a greenhouse which is characterized as a single purpose horticultural structure, is property on which investment tax credits may be available.

To qualify as investment credit property the structure (greenhouse) must be used exclusively for the purpose for which it was specifically designed and constructed.

If the greenhouses qualify for the investment tax credit, investment tax credits equal to 10% of the construction costs are available for 5-year class property. Table 2 attached summarizes the allowable investment credits.

Intangible Drilling Costs

The tax law provides for an election to expense certain geothermal well drilling costs. The expenses which may be deducted are intangible drilling and development costs (IDC's) which are generally any cost for an item without any salvage value. IDC's include wages, fuel, repairs, supplies and other costs in the drilling of wells, in cleaning off

ground, draining, road-building, or surveying and geological work.

Excess IDC deductions are a tax preference item for income tax purposes. In a year in which the taxpayer does not have any tax liability, the excess deduction should be limited to $10,000, which is the tax preference exclusion amount. The balance is then capitalized.

We will limit this deduction to $15,000 under the assumption the corporation will have no tax liability in the years the drilling costs are incurred and $5,000 will not be an excess IDC deduction.

Depletion

Tax law specifically provides for percentage depletion for the production from geothermal deposits. Percentage depletion is calculated by multiplying the "gross income from the property" by the depletion percentage for geothermal deposits, and the result is then compared with 50% of the taxable income from the property before depletion. The lesser amount is the percentage depletion allowance. If this amount is greater than for cost depletion, percentage depletion applies.

During years that percentage depletion is not available, cost depletion will be available. Cost depletion represents the amortization of the cost of the geothermal well over its productive life on the basis of the units of product produced.

Year	Geothermal Deposit Depletion Percentage
1983	18
1984	16
1985 and thereafter	15

Percentage depletion in excess of the adjusted basis of the property is a tax preference item and may generate a minimum tax.

LIST OF PRINCIPALS

GORDON R. WYNNE,

Mr. Wynne is a world wide consulting Engineer with broad experience in geothermal operations, economics, industrial engineering, and planning, conceptual designing and management. His innovative thinking was responsible for conceiving the economic benefits of a geothermally heated greenhouse. Mr. Wynne's expertise would continue in this operation and be utilized in the conceptual geothermal engineering and design of the greenhouse facility, cash flow analysis, extrapolations and projections. He would assist Mr. Gerhart in expediting the technical aspects of the operation and in maintaining the technical competence of the facility.

A. W. GERHART,

Mr. Gerhart is President of Gerhart and Son Greenhouse, Inc. He is a respected worldwide consultant in marketing and producing tomatoes and other greenhouse products. He is a former president of a greenhouse marketing association in Ohio. Mr. Gerhart would be the technical on-site expert to make all the necessary decisions regarding the planting, raising and marketing of premium quality produce. These decisions would be based on his 30 years of exemplary experience in the business.

E. GROVER HEINRICHS,

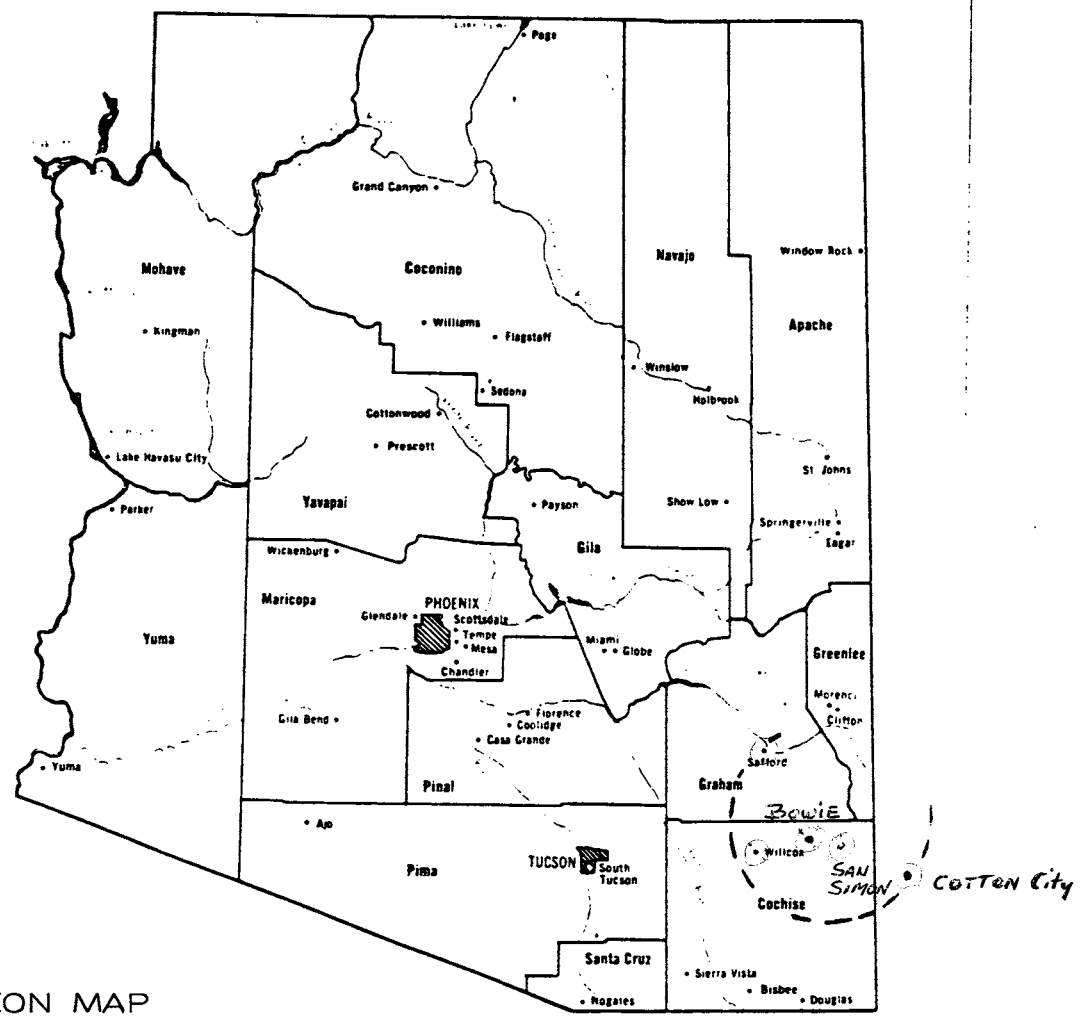
Mr. Heinrichs has 33 years of experience in mining and related businesses. He has experience in the ranching business in Wyoming and worldwide experience in project management. He is former advisor in mining to the Chairman of the Board of Essex International, a division of United Technologies. He is the owner of E. Grover Heinrichs & Associates, a natural resource development and operating firm. His business acumen and knowledge of Southeastern Arizona and Southwestern New Mexico has aided Geo-Agri-Tech, Inc. in site selection and analysis. He would continue to aid the operation in public relations, negotiations, permitting and other related activities, and as a liaison between the operators and investors.

HOWARD KINCHELOE,

Mr. Kincheloe has been employed in business enterprises related to mining, manufacturing, engineering, refining, transportation and aviation. He was pilot, test pilot, and aviation consultant to many major airlines and the U. S. Navy. He developed cost accounting and maintenance manufacturing computer systems for Hecla Mining Company and Hughes Aircraft, as an employee. He was recently connected with ASAMCO International, Houston, TX, and was Vice President of Transportation and Assistant to the Chairman of Airtex Transportation, Inc. construction projects in Saudi Arabia. Mr. Kincheloe would continue to aid Geo-Agri-Tech, Inc. with his extensive knowledge of the logistics and project supervision.

LOCATION MAP - ARIZONA

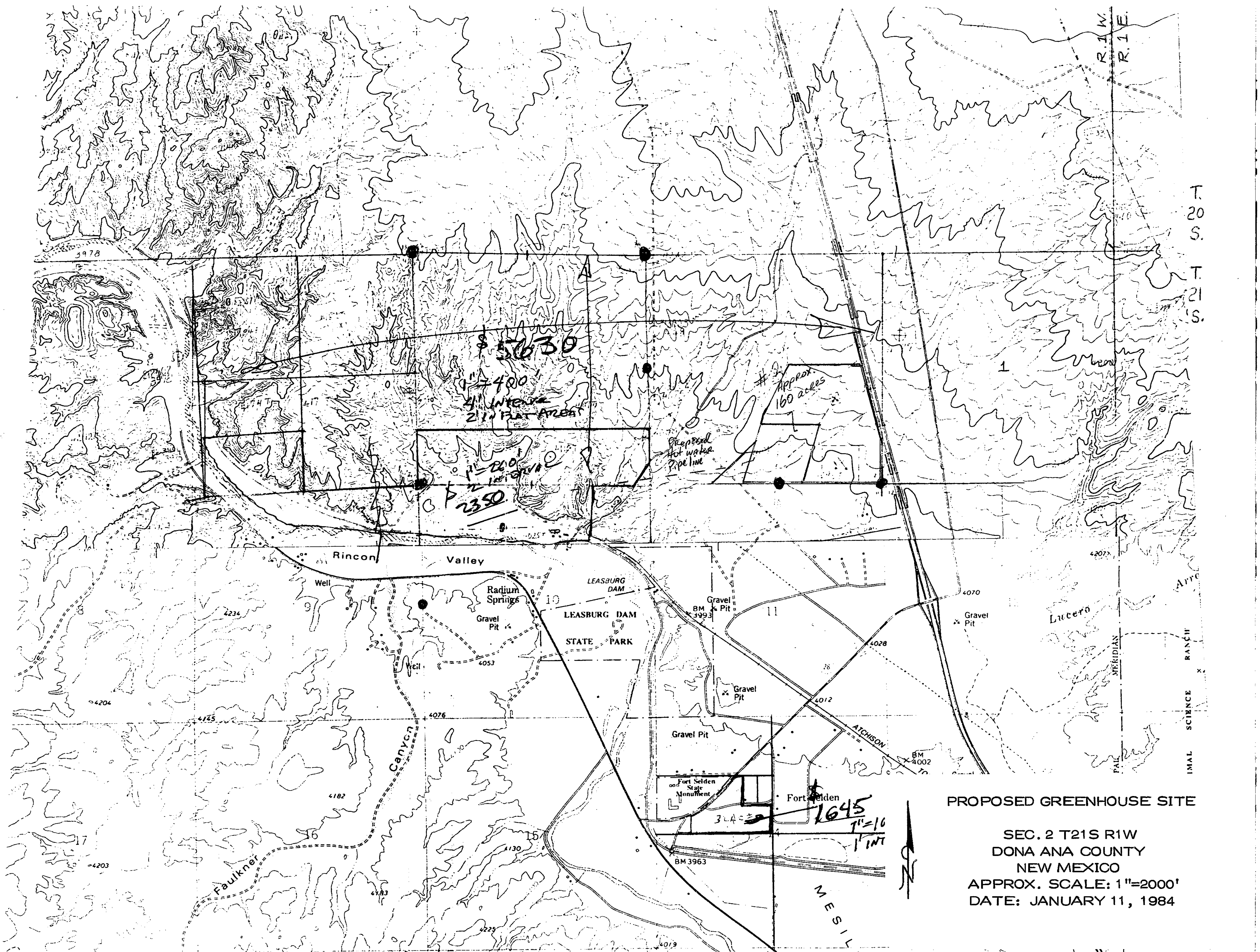
SCALE: 1" = 80 MILES



LOCATION MAP
NEW MEXICO

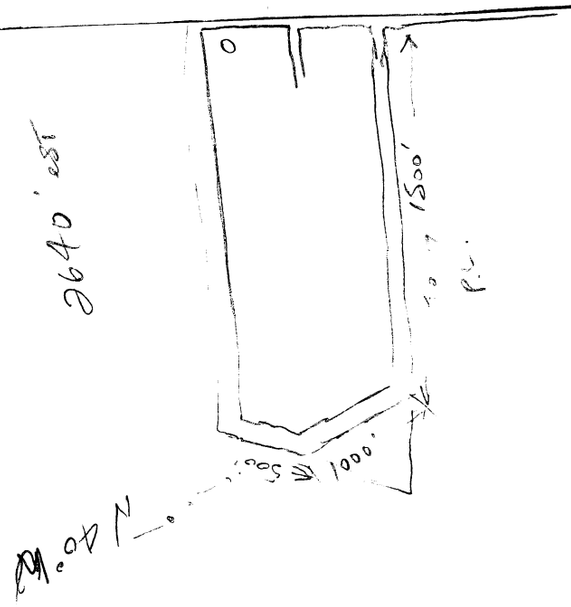
SCALE : 1" = 220 miles approx.

POSSIBLE SITES WITH GEO THERMAL WATER



PROPOSED GREENHOUSE SITE

SEC. 2 T21S R1W
DONA ANA COUNTY
NEW MEXICO
APPROX. SCALE: 1"=2000'
DATE: JANUARY 11, 1984


2640' est
1500'
1000'
S 60° W

A PRELIMINARY PROPOSAL

APACHE POWER PLANT

GREENHOUSE COMPLEX

FOR

ARIZONA ELECTRIC POWER COMPANY

BY

GEO-AGRI-TECH, INC.

OCTOBER 15, 1981

FORWARD

Geo-Agri-Tech, Inc., an Arizona corporation with headquarters in Tucson, Arizona, is devoted to the development of innovative agriculture management for maximum production and profit. Unique marketing techniques and utilization of alternative and more economical energies under environmentally controlled conditions are some of the techniques used to achieve this.

Geo-Agri-Tech, Inc. has selected the Sulfur Springs Valley, and in particular, the area near the Apache Power Plant water well located in Section , Township , Range , Cochise County, Arizona, as an ideal site for development of a greenhouse facility because of the following ideal conditions:

- 150°F. geothermal water wells producting sufficient water to sustain a 40-acre greenhouse facility.
- Favorable climate including favorable mean temperature.
- Suitable transportation facilities, including truck and rail facilities nearby.
- Adequate agro-oriented labor supply.
- Utility facilities, including coal, natural gas and electricity.

PROPOSAL

Geo-Agri-Tech, Inc. proposes to Arizona Electric Power Company a joint venture program of controlled environment agriculture.

The joint venture would be incorporated under the laws of Arizona, with start up capital and operating expenses to be paid by a bank, and the construction, operation and expertise to be furnished by Geo-Agri-Tech,Inc.

The joint venture company would be called Apgro, Inc., or any other suitable name mutually agreed upon.

The technology developed would be documented in great detail, and all data would be available to both parties.

Precise location of the facility would be determined by mutual agreement following an on-site inspection by both parties.

Geo-Agri-Tech, Inc. recognizes that generating electric power is the primary purpose of Arizona Electric Power Company. Therefore, it follows that Apgro, Inc. would be a secondary function to be moved, modified, or terminated if that secondary function appeared to be detrimental to the electric power function. Language to accommodate this could be incorporated into the corporate bylaws of Apgro, Inc.

FUTURE LONG RANGE BENEFITS TO ARIZONA ELECTRIC POWER COMPANY

- Means of carrying dormant high tax properties profitably.
- Means of securing additional water usage allowance.
- Environmental public relation benefits.
- A stabilized agro-labor intensive year-round facility.
- Creating maximum utilization of past non-productive lands.
- Local increase in tax base, plus other possible tax benefits.
- Geothermal depletion allowance.
- Forefront of innovative geothermal agro-technology that could be applied to other power plants in the state and country.
- A means of reducing the cost of electric power by applying profits from agro business to offset power costs.

CONTRIBUTIONS OF PRINCIPALS

Each company would supply to Apgro, Inc. the following:

From Arizona Electric Power Company:

- Support for short term bank financing of $1.5 Million working and start up capital
- Support for IDA tax-free bonding for $8.5 Million
- Land (50 contiguous acres)
- Water (150°F.) adequate to supply water for 40-acre greenhouse complex
- Legal

From Geo-Agri-Tech, Inc.:

- Personnel (Labor and Management)
- Consultants
- Operational Expertise
- Plans and Engineering
- R. & D. Technology
- Marketing

FACILITIES

The production facility would consist of a 5-acre greenhouse complex the first year, 15 additional acres the second year, and 20 additional acres the third year.

Construction

Each individual greenhouse unit consists of a metal frame wrapped by plastic, 2½ acres in size. Each unit is environmentally controlled for heat, light, water, and soil bedding condition to selectively control the growing requirements and maturity of each desired agro-product ideally timed to arrive at the marketplace on a year round basis.

A storage area, packing area, and truck loading and transportation distribution area, will be provided.

Other Considerations

Cooperation and an information exchange with the agro-technology departments of the State Universities and Junior Colleges will be encouraged and supported in order to develop a cadre of highly skilled permanent employees to constantly update the latest technologies available.

PRELIMINARY FINANCIAL ANALYSIS & CASH FLOW
PREPARED FOR ARIZONA ELECTRIC POWER COMPANY
150°F GEOTHERMAL GREENHOUSE FACILITY
LOCATED NEAR APACHE POWER PLANT
40 ACRES ($000)

Year	1981	1982	1983	1984	1985	1986	1987	1988
Construct.-Acres	5	15	20					
Cash Provided by:								
Short term bank financing	1,500							
IDA Bonding	8,500							
Results of Operations (see schedule A)	(525)	52	898	2,244	3,209	3,961	3,961	3,961
Cash Disbursed for:								
Construction Costs	1,634	3,123	4,000	$8,757 Total Construction				
Mortgage Payments	-	-	-	1,343	1,384	1,384	1,384	1,384
15% 20 Years								
20% 5 " (Int.&Prin.)	300	500	560	700	600			
Total Cash Disbursed	1,634	3,123	4,000	1,343	1,384	1,384	1,384	1,384
Cash Flow								
Net Increase/Yr.	7,541	(3,571)	(3,662)	201	1,225	2,577	2,577	2,577
Cash on Hand Begin.Yr.	0	7,841	4,770	1,668	2,569	4,394	6,971	9,548
Cash on Hand End Yr.	7,541	3,970	308	509	1,734	4,311	6,888	12,125

GRW/9-17-81

CONCEPTUAL ECONOMIC PROJECTION
PREPARED FOR ARIZONA ELECTRIC POWER COMPANY
150°F GEOTHERMAL GREENHOUSE FACILITY
LOCATED NEAR APACHE POWER PLANT
40 ACRES ($000)

OPERATIONS

Year	1981	1982	1983	1984	1985	1986	1987	1988
Construct.-Acres	5	15	20	–	–	–	–	–
Produce-Acres	0	12.5	30	40	40	40	40	40
Gross Sales	0	1,650	3,960	5,280	6,336	7,200	7,200	7,200
on Prod.#/Plant		11#	11#	11#	13.2#	15#	15#	15#
Operating Costs								
Rentals: Land	–	–	–	–	–	–	–	–
Equip't.	10	20	36	36	36	36	36	36
Packaging	0	130	255	340	406	463	463	463
Utilities @5¢/Kwh.	6	39	110	178	178	178	178	178
Heating 50¢/MM BTU's	19	75	150	150	150	150	150	150
Water @$32/A.F.	3	5	11	15	15	15	15	15
Supplies & Materials	40	200	480	640	640	640	640	640
Prod. Labor	132	334	900	1,047	1,047	1,047	1,047	1,047
Start Up	150	450	600	–	–	–	–	–
Insurance	5	25	60	80	80	80	80	80
Sub Total Prod. Costs	365	1,278	2,602	2,486	2,552	2,609	2,609	2,609
Indirect Costs								
Marketing	25	132	270	360	405	460	460	460
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Sub Total Indirect Costs	160	320	460	550	575	630	630	630
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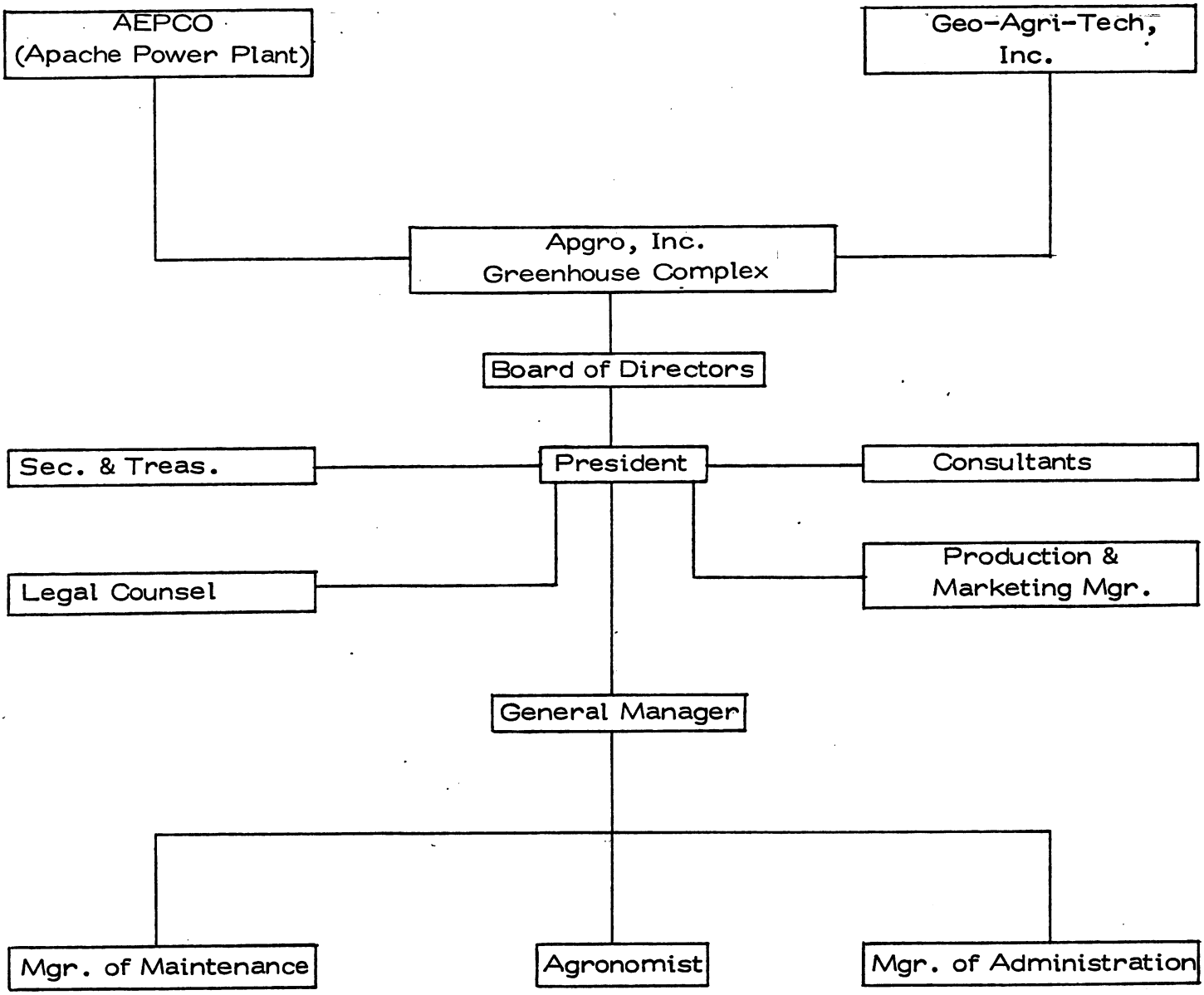
Schedule A

GRW/9-17-81

ORGANIZATIONAL CHART



40 ACRE GEOTHERMAL (160°F.) GREENHOUSE

CRITERIA

USED TO DEVELOP THE CONCEPTUAL ECONOMIC PROJECTION

- 40 Acres by experience has proven to be the ideal management, marketing and growing unit.
- 60¢/# value of crop, 1981, F.O.B. Pearce, 10,000 plants per acre, 2 crops/year.
- 4.5¢/# packaging cost.
- Utilities 40 HP/Acre.
- Water @$32/AF, 400 acre feet/year.
- One major chain grocery distributing center uses approx. 12,000,000#/year of tomatoes, which equals the normal production rate of a 40 acre greenhouse.
- Labor would approximate 120 people/40 acre unit.

ANNUAL COST OF HEATING 40 ACRES
(IN U.S. DOLLARS)

1970 – Old Design

Ohio	Natural Gas	$	277,000	(12%)
Arizona	" "	$	83,125	(4%)
Mexico	Fuel Oil	$	240,000	(11%)

1977 – Old Design

Ohio	Fuel Oil	$	1,600,000	(72%)
Arizona	Natural Gas	$	320,000	(15%)
Mexico	Fuel Oil	$	240,000	(11%)

1981 – New Design

Ohio	Fuel Oil	$	2,216,673	(100%)
Arizona	" "	$	665,000	(30%)
Mexico	" "	$	125,000	(6%)

1983 – Geothermal/Solar

Ohio			Not Available	
Arizona		$	100,000 (Fixed)	
Mexico		$	100,000 (Fixed)	

LIST OF PRINCIPALS (MAJOR)

Gordon R. Wynne, President, Geo-Agri-Tech., Inc., 1865 W. 36th Street, Tucson, Arizona 85713. Mr. Wynne is a world wide consulting Engineer with broad experience in geo-thermal operations, economics, planning, conceptual designing and management.

A.W. Gerhart, Director of Operations & Marketing Geo-Agri-Tech, Inc., . Mr. Gerhart is President of Gerhart and Son Greenhouse, Inc., 6345 Avon Belden Road, North Ridgeville, Ohio 44039, and a respected world wide consultant in marketing and producing.

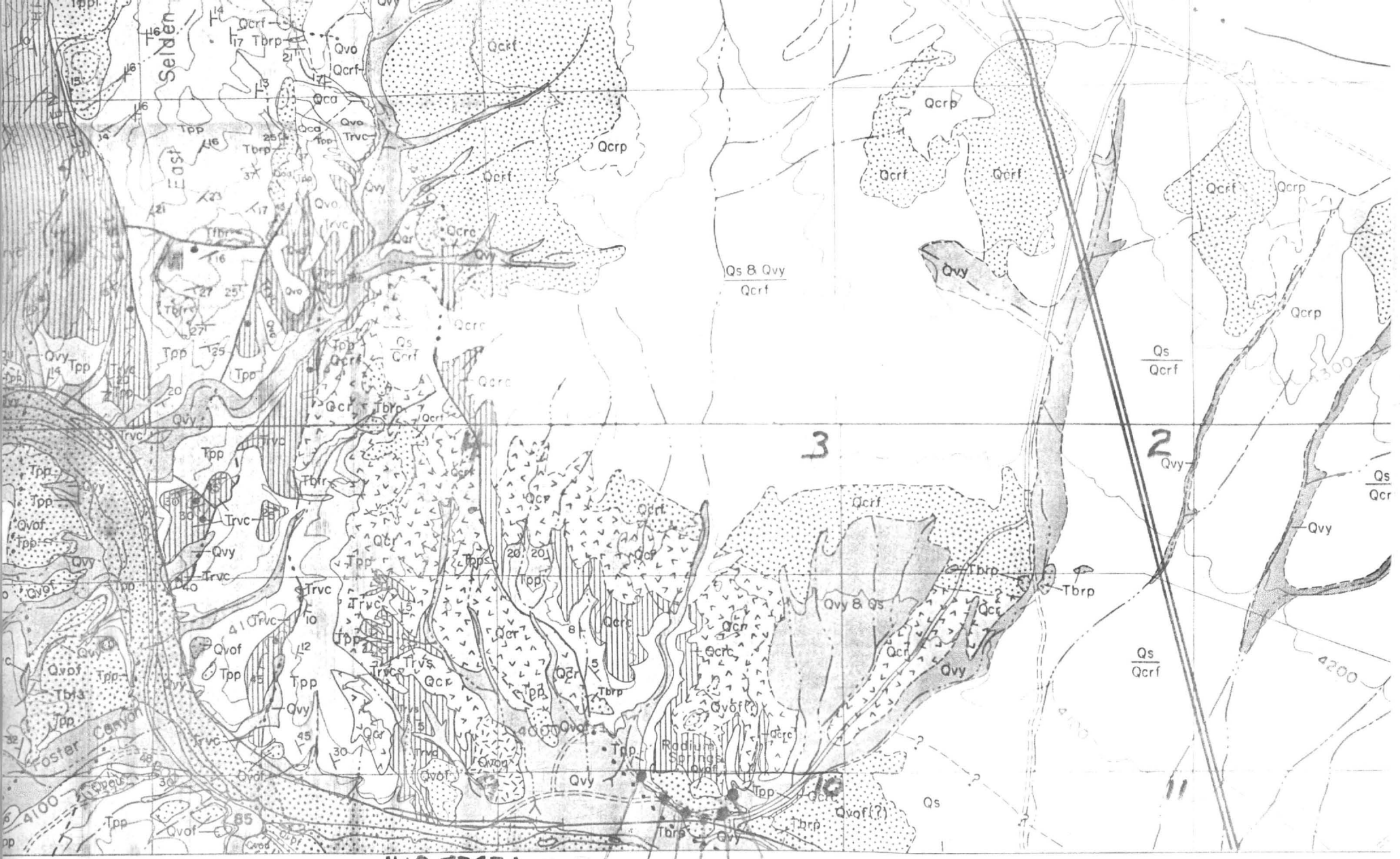
M.E. Cravens, Consultant, Geo-Agri-Tech, Inc., 2120 Fyffe Road, Columbus, Ohio 3210. Dr. Cravens is Professor, Department of Agricultural Economics and Rural Sociology, Ohio State University and an agriculture marketing expert.

Executive Director

E. Grover Heinrichs

Director of Finance

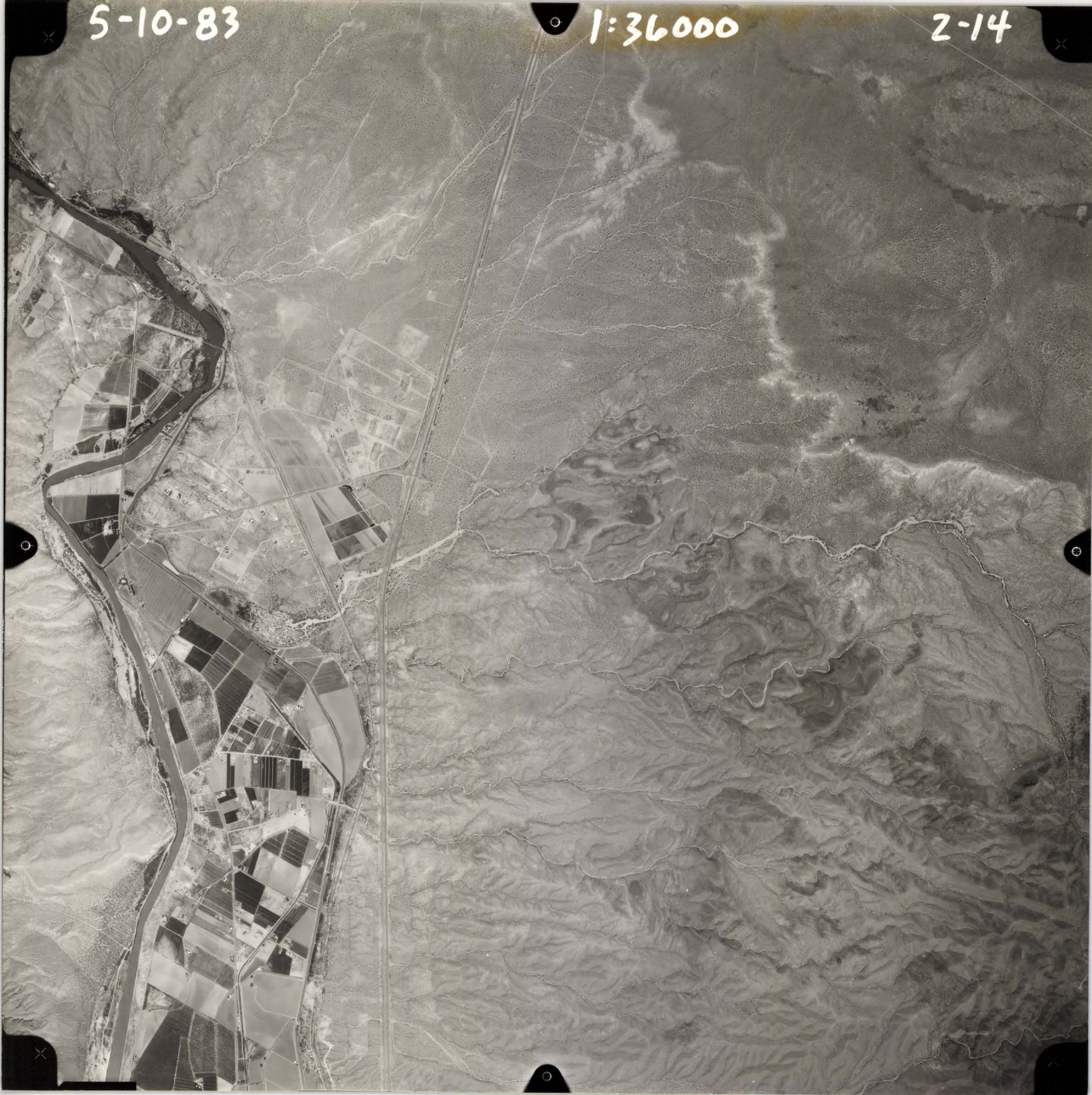
Howard Kincheloe



GEOLOGY OF SOUTH HALF


5-10-83
1:36000
2-13
34
35
2


5-10-83
1:36000
1-13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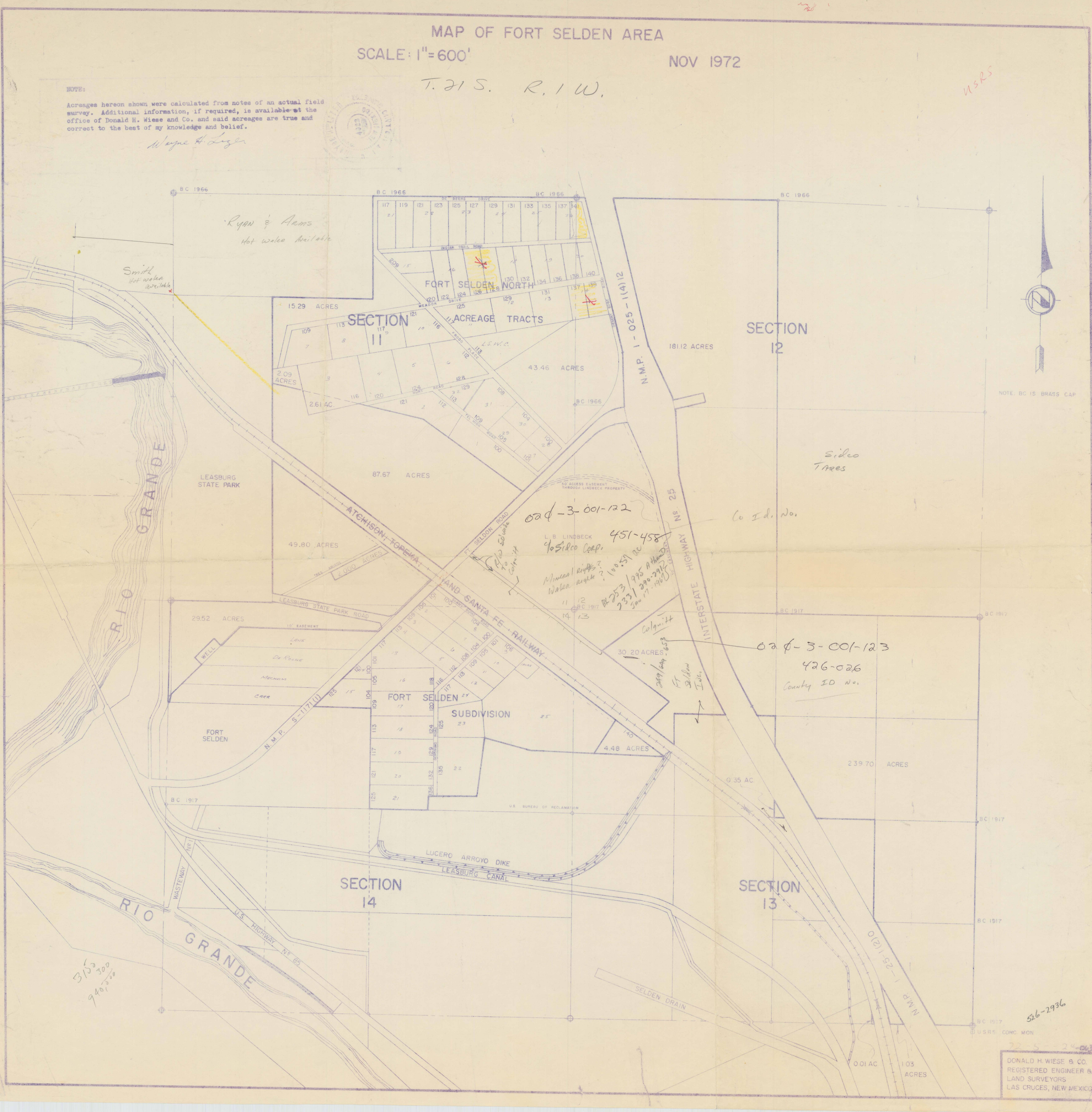

MAP OF FORT SELDEN AREA
SCALE: 1" = 600'
NOV 1972
T. 21 S. R. 1 W.
NOTE:
Acreages hereon shown were calculated from notes of an actual field survey. Additional information, if required, is available at the office of Donald H. Wiese and Co. and said acreages are true and correct to the best of my knowledge and belief.
Wayne H. Ligler
Ryan & Arms
Hot water Available
Smith
Hot water available
BC 1966
DE BEERS DRIVE
INDIAN TRAIL ROAD
FORT SELDEN NORTH
MEADOR DRIVE
ACREAGE TRACTS
SECTION 11
15.29 ACRES
2.09 ACRES
2.61 AC.
43.46 ACRES
87.67 ACRES
49.80 ACRES
2.000 ACRES
TRES AMIGOS
FRODO PLACE
HURT ROAD
TEL HIGH ROAD
L.S.W.C.
DESERT EDGE ROAD
N.M.P. I-025-1(4)12
SECTION 12
181.12 ACRES
NOTE. BC IS BRASS CAP
Sidco
Tares
Co Id. No.
50' ACCESS EASEMENT THROUGH LINDBECK PROPERTY
L. B. LINDBECK
020-3-001-122
451-458
% Sidco Corp.
Mineral rights?
Water rights?
100.59 ac
BK 253/995 Attorney
233/290-291
JAN 17, 1967
30' EASEMENT
INTERSTATE HIGHWAY No 25
Colquitt
30.20 ACRES
249/649-653
Ft Seldon Inc.
020-3-001-123
426-026
County ID No.
FT. SELDON ROAD
Also 50 wide to Colquitt
LEASBURG STATE PARK
RIO GRANDE
ATCHISON, TOPEKA, AND SANTA FE RAILWAY
LEASBURG STATE PARK ROAD
29.52 ACRES
10' EASEMENT
WELL
LANE
DE ROCHE
MECHAM
CARR
FORT SELDEN
N.M.P. S-1171(1)
FORT SELDEN SUBDIVISION
GERONIMO ROAD
BC 1917
4.48 ACRES
239.70 ACRES
0.35 AC.
U.S. BUREAU OF RECLAMATION
LUCERO ARROYO DIKE
LEASBURG CANAL
WASTEWAY No 1
SECTION 14
SECTION 13
U.S. HIGHWAY No 85
SELDEN DRAIN
N.M.P. I-25-1(2)0
0.01 AC
1.03 ACRES
USRS CONC. MON
526-2936
USRS
DONALD H. WIESE & CO.
REGISTERED ENGINEER &
LAND SURVEYORS
LAS CRUCES, NEW MEXICO

7-26-82

GEOTHERMAL UTILIZATION CONSULTANTS

PROPOSED MINERAL AND CHEMICAL GEOTHERMAL

TEN & 2-1/2 MEGAWATT RECOVERY PLANT IN

IMPERIAL VALLEY, CALIFORNIA

Element	Product	Annual Production Market Value As Of 10-30-81 10 Megawatt	2-1/2 Megawatt
SiO_2	Amorphous drying grade 93%	$ 46,000	$ 11,500
NH_3	Aqueous 29.4% anhydrous basis	271,000	67,750
Li	$Li_2 Co_3$	10,750,000*	2,687,500*
Mn	Ferromanganese 78%	6,480,000*	1,620,000*
Fe	Black, magnetic iron oxide	970,000	242,500
Zn	Metal	1,350,000*	337,500*
Pb	Metal	190,000	47,500
Se	Metal	60,000	15,000
Ag	Metal	380,000***	95,000***
Au	Metal	3,410,000***	852,500***
Pt	Metal	2,060,000***	515,000***
K_2O	Potash	6,300,000**	1,575,000**
Cl_2	Chlorine aqueous	2,565,000	641,250
NaOH	Caustic Soda	5,000,000	1,250,000
$CaCl_2$	Brine	1,000,000**	250,000**
TOTAL		$40,832,000	$10,108,000

*Phase I, **Phase II, ***Phase III

7-26-82

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PROPOSED MINERAL AND CHEMICAL GEOTHERMAL TEN MEGAWATT RECOVERY PLANT IN IMPERIAL VALLEY, CALIFORNIA

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$CaCl_2$	Brine	1,000,000**	250,000
TOTAL		$40,832,000	

*Phase I, **Phase II, ***Phase III

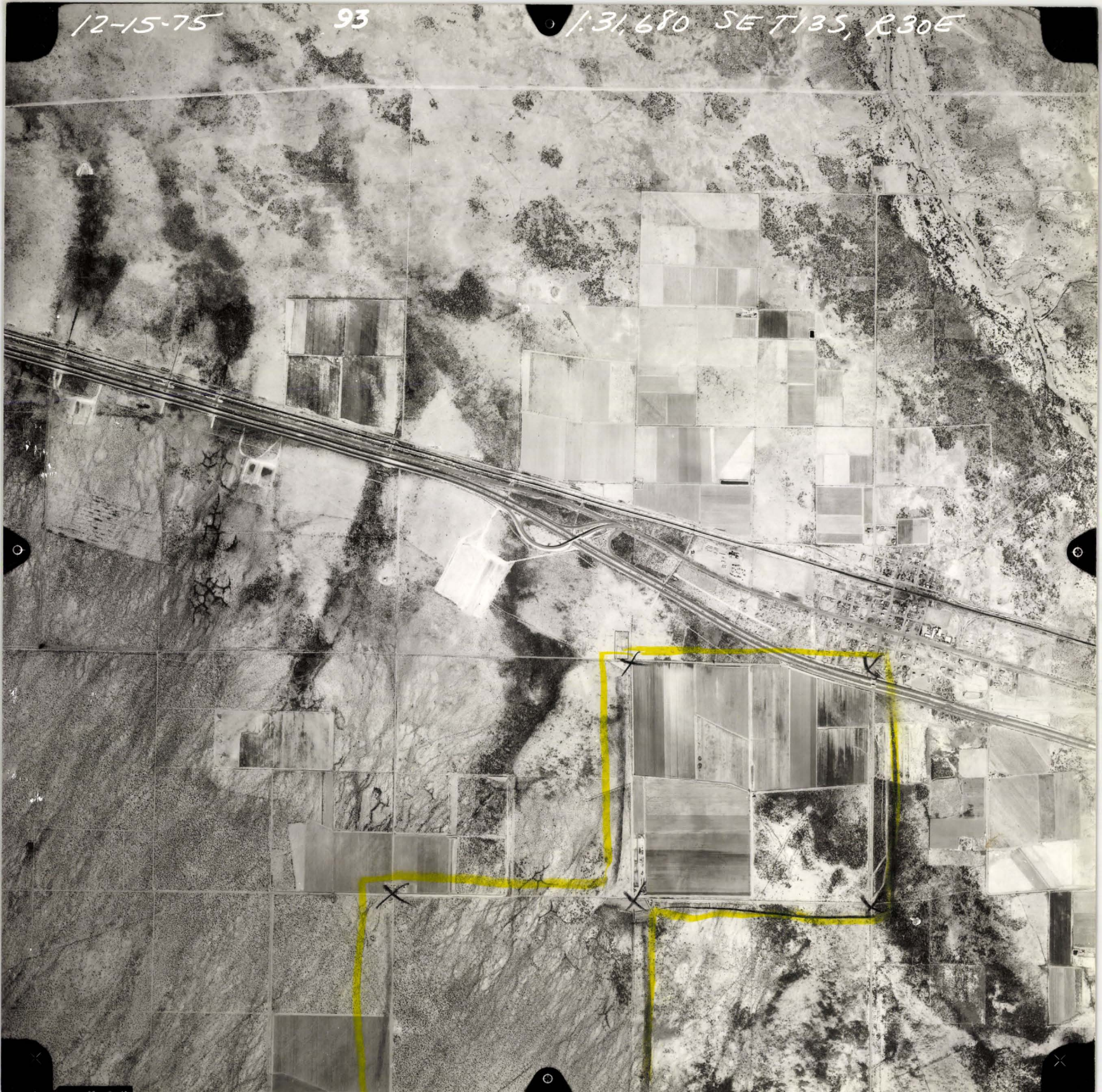
Total Value of Production (in $000): Phase I – $18,580; Phase II – $7,300; Phase III – $5,740; Total – $32,620

5850 31,730

GEOTHERMAL WATER WELL ANALYSIS
SALTON SEA AREA, CALIFORNIA

Element	%
Sodium	19.5
Potassium	6.8
Calcium	10.8
Lithium	.08
Magnesium	.02
Strontium	.15
Barium	.09
Rubidium	.05
Cesium	.005
Iron	.88
Manganese	.54
Lead	.039
Zinc	.208
Copper	.003
Silica	.15
Chloride	59.85
Boron	.15
Fluoride	.0057
Precious Metals (Gold, Silver; Platinum?)	.6793

EGH/8-26-82


12-15-75
93
1:31,680 SE T13S, R30E

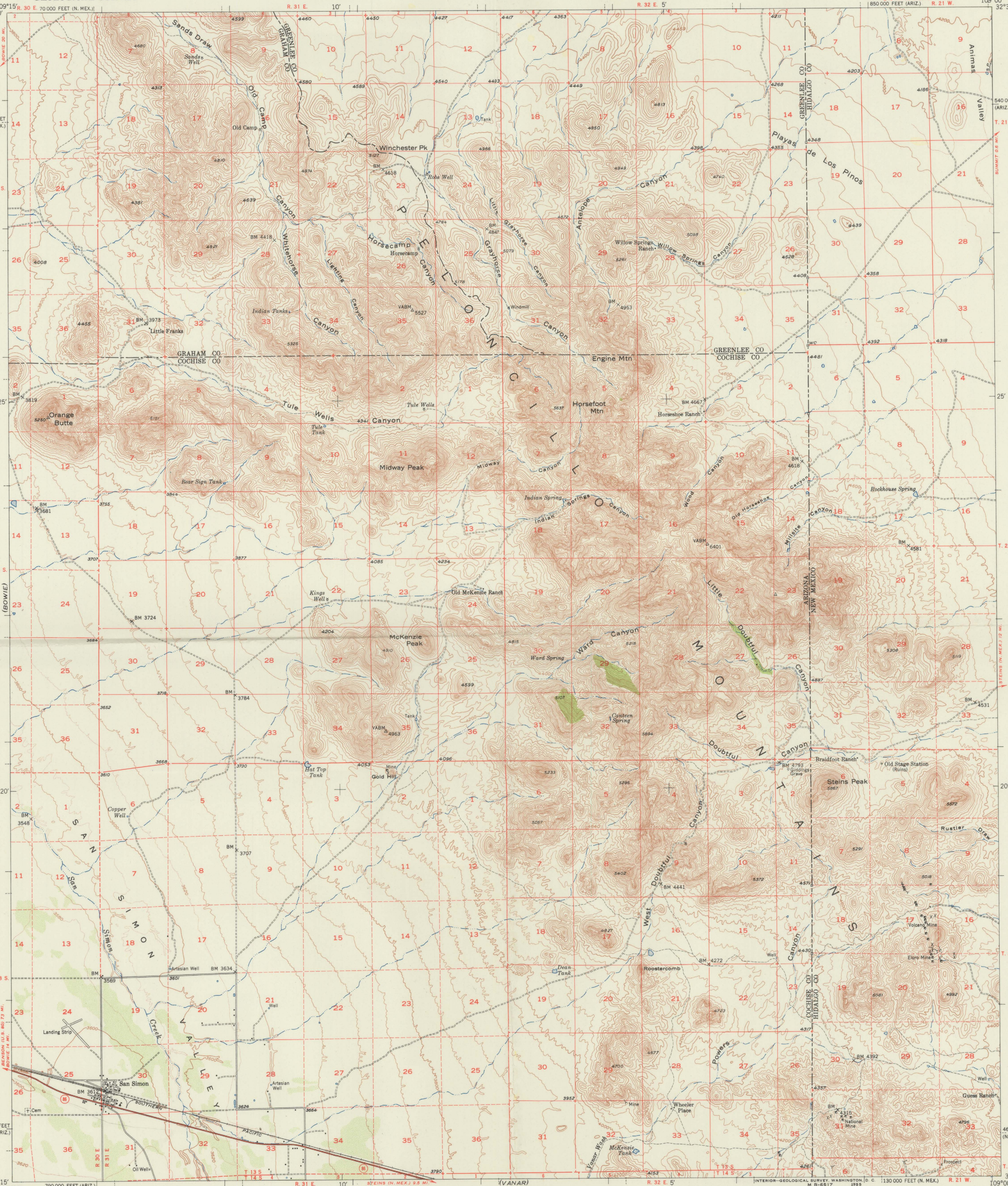
Scale 2" = 1 mile

COOPER AERIAL SURVEYS
1692 WEST GRANT ROAD
TUCSON, ARIZONA 85705
PHONE 884-7580

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

UNITED STATES
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS

SAN SIMON QUADRANGLE
ARIZONA-NEW MEXICO
15 MINUTE SERIES (TOPOGRAPHIC)



109°15′
32°30′
109°00′
32°15′
R. 30 E.
R. 31 E.
R. 32 E.
R. 21 W.
T. 11 S.
T. 12 S.
T. 13 S.
T. 21 S.
T. 22 S.
T. 23 S.
T. 24 S.
70 000 FEET (N. MEX.)
850 000 FEET (ARIZ.)
540 000 FEET (N. MEX.)
540 000 FEET (ARIZ.)
460 000 FEET (ARIZ.)
460 000 FEET (N. MEX.)
790 000 FEET (ARIZ.)
130 000 FEET (N. MEX.)
BOWIE 20 MI.
12 MI. TO U.S. 70
SUMMIT 0.6 MI.
(BOWIE)
STEINS (N. MEX.) 12 MI.
BENSON (U.S. 80) 73 MI. BOWIE 14 MI.
STEINS (N. MEX.) 9.5 MI. 12 MI. TO U.S. 80
(VANAR)
(COCHISE HEAD)
Sands Draw
Sands Well
Old Camp
Old Camp Canyon
GREENLEE CO
GRAHAM CO
Winchester Pk
Robs Well
Whitehorse Canyon
Horsecamp Canyon
Horsecamp
Lighting Canyon
Little Grayhorse Canyon
Grayhorse Canyon
Antelope Canyon
Willow Springs Ranch
Willow Springs Canyon
Playas de Los Pinos
Animas Valley
HIDALGO CO
Indian Tanks
Little Franks
Windmill
Engine Mtn
GRAHAM CO
COCHISE CO
GREENLEE CO
COCHISE CO
Orange Butte
Tule Wells Canyon
Tule Wells
Tule Tank
Horsefoot Mtn
Horseshoe Ranch
Midway Peak
Midway Canyon
Bear Sign Tank
Indian Spring
Indian Springs Canyon
Wood Canyon
Old Horseshoe Canyon
Millsite Canyon
Rockhouse Spring
PELONCILLO MOUNTAINS
Old McKenzie Ranch
Kings Well
McKenzie Peak
Little Doubtful Canyon
Ward Canyon
Ward Spring
Canteen Spring
ARIZONA
NEW MEXICO
Doubtful Canyon
Braidfoot Ranch
Giddings Grave
Old Stage Station (Ruins)
Steins Peak
Rustler Draw
Hat Top Tank
Gold Hill
Mine
Copper Well
SAN SIMON VALLEY
San Simon Creek
West Doubtful Canyon
Volcano Mine
Eloro Mine
Artesian Well
Dean Tank
Roostercomb
Well
Landing Strip
Powers Canyon
COCHISE CO
HIDALGO CO
San Simon
Cem
SOUTHERN PACIFIC
Artesian Well
Wheeler Place
National Mine
Guess Ranch
Vanar Wash
McKenzie Tank
Oil Well
Prospect
INTERIOR—GEOLOGICAL SURVEY, WASHINGTON, D. C.
M R-6517 1955

Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Topography from aerial photographs by multiplex methods
Aerial photographs taken 1947. Field check 1950

Polyconic projection. 1927 North American datum
10,000-foot grid based on Arizona coordinate system, east zone and New Mexico coordinate system, west zone

Dashed land lines indicate approximate location

Unchecked elevations are shown in brown

APPROXIMATE MEAN
DECLINATION, 1950

SCALE 1:62500

1 ½ 0 1 2 3 4 MILES

3000 0 3000 6000 9000 12000 15000 18000 21000 FEET

1 .5 0 1 2 3 4 5 KILOMETERS

CONTOUR INTERVAL 40 FEET
DOTTED LINES REPRESENT HALF-INTERVAL CONTOURS
DATUM IS MEAN SEA LEVEL

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U. S. GEOLOGICAL SURVEY, FEDERAL CENTER, DENVER, COLORADO OR WASHINGTON 25, D. C.
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

ROAD CLASSIFICATION

Heavy-duty 4 LANE | 6 LANE
Medium-duty 4 LANE | 6 LANE
Light-duty
Unimproved dirt
U. S. Route
State Route

SAN SIMON, ARIZ.-N. MEX.
N3215—W10900/15

1950

Connelly Manufacturing & Sales
4344 Mission Blvd.
Pomona, CA 91766

Mr. Jeff Cole
Endurer Greenhouses
P.O. Box 672
Center Moriches, NY 11934

Cordially,

John E. Groh

JEG:lm

Enclosures

cc: G. R. Wynne, Consulting Engineer (w/attachments)
Carl N. Hodges (w/o attachments)

Request for cost & design of G.H. facility
11/27/81

Gentlemen,

We have formed a company to develop plastic G.H. for tomato & cucumber production in S.E. Az.

We intend to start construction early in 1982. Our plans require the construction of 40 acre units divided into +/- 2½ acre modules using sand culture.

Would you please send us plans, drawings, brochures etc. as well as costs for materials & or your turn key price to construct & such facilities to be built on a schedule of 5 acres 1st 6 mos.; 15 acres 2nd 6 mos; 30 acres 3rd 6 mos. All materials would be quoted F.O.B. Tucson, Az.

Our specifications are as follows:

1) +/- 2½ acre modules
2) Double plastic construction .006 thickness.
3) Geothermal heating @ 140° F.
4) Evaporative cooling for 4000' elev. natural Precipitation ≤ 9.0 inches of rain/yr.
   Avg. daily max high temp. June July Aug. Sept. 96°
   Avg. daily min low temp. Dec., Jan, Feb. 29°

28
32
29
89
3 7c
98
99
95
92
4 74
6

THE UNIVERSITY OF ARIZONA

REPLY TO: ENVIRONMENTAL RESEARCH LABORATORY
TUCSON INTERNATIONAL AIRPORT
TUCSON, ARIZONA 85706, U.S.A.
Telephone: (602) 626-2931 Cables: ERLAB Telex: 165503

October 27, 1981

Mr. Howard M. Kincheloe
Kincheloe Financial Services
Management Consultants
2136 Calle De Vida
Tucson, AZ 85715

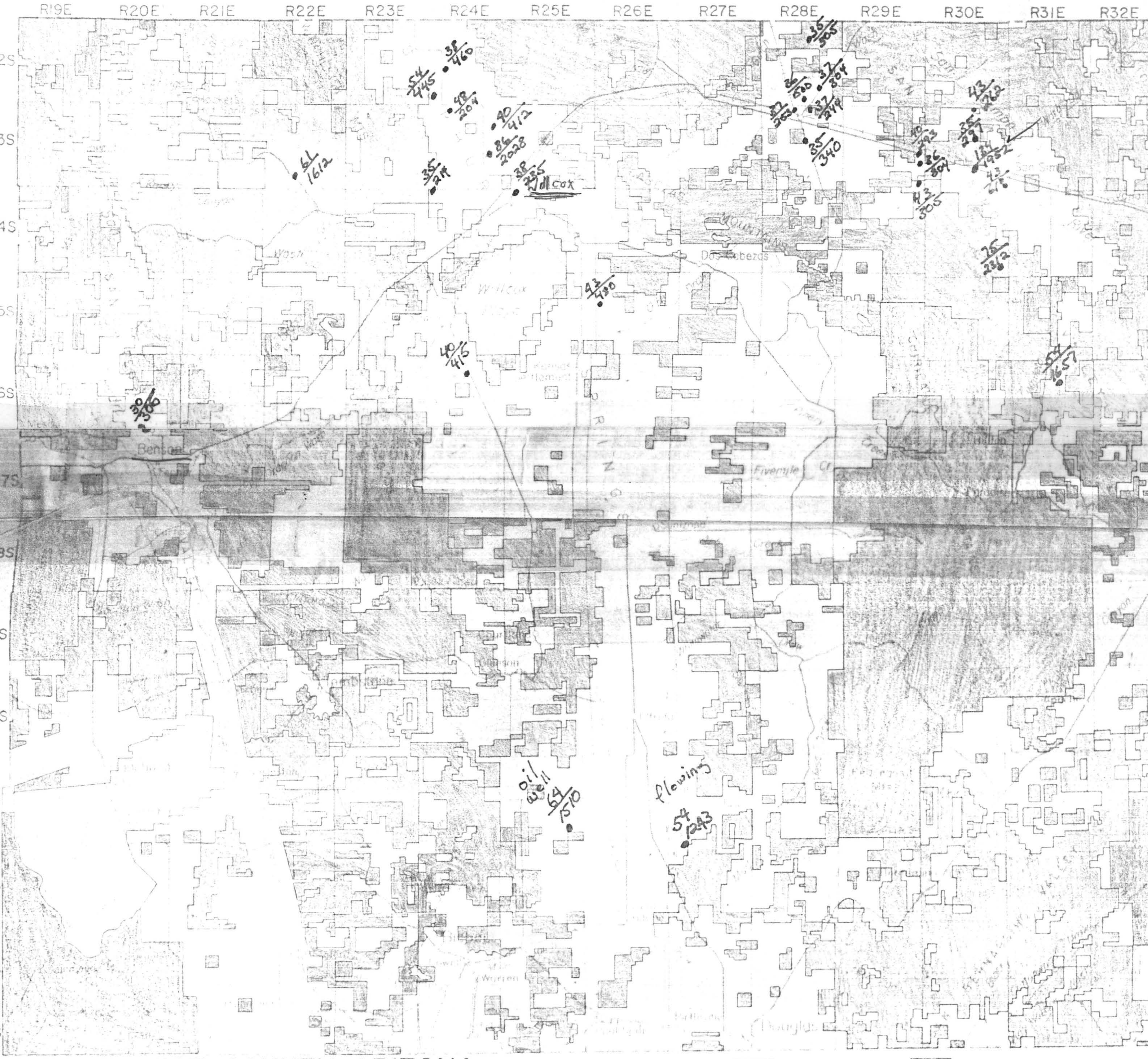
Dear Howard:

Per our recent discussion, and yours and Mr. Wynne's visit of September 16, 1981, I would "estimate" that currently a greenhouse of the size you are contemplating (20 acres or so) could be built for less than $6.00 per square foot. This would include packing sheds, machinery for vegetable sorting, office space, standby generation, etc., but excludes land. Some specialized equipment to utilize geothermal energy, waste energy from a power plant, or compressor station might require additional funds.

Enclosed find two lists. One is a Selected List of Current Publications on Greenhouse Vegetable Production, and another is a list showing some of the various manufacturers of greenhouse equipment. I would point out that advertisements for greenhouse shell structures ranged in 1979 anywhere from $1.30 on up. Greenhouse manufacturers do not usually provide a complete turnkey project analogous to building contractors. They generally provide a shell and some heating and cooling equipment. However, the internal outfitting of the greenhouse, irrigation systems, and/or specialized energy systems would require further capital. In summary, I suggest you contact the following people for estimating purposes:

Mr. Jack Booze
IBG International
165A Aviador
Camerio, CA 93010
(805) 482-0757

Chad Barrow
Stuppy Inc.
Greenhouse Supply Division
P.O. Box 12456
N. Kansas City, MO 64116



COCHISE COUNTY, ARIZONA LAND STATUS

Data from Arizona Office of Tourism Recreational Map no.1

Private

BLM

National Forest

State

Military

National Park Service

30°c = 86°F
35°c = 95°F
54°c = 129°F
86°c = 187°F
134°c = 273°F

30 - 39°C

40 - 49°C

> 50°C