Planning Project Status Report
February 21, 2009

Gallup Solar selected Helio Power selected as the development consultant to plan a solar energy production facility for McKinley County. Dr. George Schlueter is the project manager.

Members of our planning group have held meetings with several local companies and utilities in an effort to identify ways Gallup Solar could provide a renewable energy solution for them. Our findings as a result of these meetings are:

1. Area net metered or feed-in electricity prices are too low to support a generating facility providing power to the grid.
2. Retail prices over $0.08 per kilowatt hour provide opportunities to develop renewable energy projects for user replacement power.
3. Most utilities and major power consumers would rather own their own renewable energy facilities than purchasing power or leasing facilities from someone other than their current source.
4. Gallup Solar is currently not financially strong enough nor experienced enough to build and operate their own generating facility but continues to explore a means of doing so.
5. There are many potential opportunities for developing and integrating renewable energy and CO_2 capture through fuel cells powered by coal fired power plant flue gases and natural gas or other hydrocarbons.
6. Funding and incentives for new renewable energy projects is available and could be utilized for projects and organizational development.

The Joint Task Force of McKinley county and Gallup Solar wishes to have, within ten years, a significant portion of the County's electric energy needs provided by environmentally compatible energy generation facilities. In addition, the Joint Task Force wishes to assist the coal based energy industry in identifying and applying practical and cost-efficient flue gas cleaning technologies.

Our plans and suggestions were greeted by the industry with open minds and constructive cooperation toward clean renewable energy applications. A number of project opportunities were identified and suitable RE technologies were determined.

Solar PV Plant Design -- Phase (2)

McKinley County and Gallup Solar, who had joined forces for developing a solar PV plant in McKinley County, reviewed a number of opportunities for a renewable energy based power generation plant. The Group has elected to develop the detailed design for a 1,500 Kilowatt (KWe) solar PV plant for the McKinley Paper Mill in Prewitt, NM. The Plant Design effort will address and include:

1. Determination of PV plant configuration and technology selection
2. Equipment Vendor Selection
3. Detailed plant design and determination of plant performance
4. Determination of Turnkey Price
5. Identification of Federal, State, and Municipal Tax Credits, Tax Benefits, and Rebates
6. Identification of Renewable Energy Credits (REC's)
7. Establishing the Interface and operating agreements with the Utility company
8. Determination of applicable Utility rate schedules
9. Cost - Benefit Analysis (CBA) and determination of Internal Rate of Return (IRR)
10. Construction schedules

This Solar PV Plant Design, Phase (2), can be accomplished within a 4-month period.