

USGeothermal

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DEC 09 2005

Department of Water Resources
Southern Region

C L E A N G R E E N R E N E W A B L E E N E R G Y

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December 7, 2005

Mr. James E. Stanton
Sr. Water Resource Agent
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200
Twin Falls, ID 83301

Re: Application for Transfer 72440

Dear Mr. Stanton,

In response to your letter of November 25, 2005, please see the attached spreadsheet showing the cooling tower water requirements. The "Make Up" column represents the fresh water entering the cooling tower system, "Evaporation" is the estimated amount of water that will leave the system through the cooling tower, and "Blowdown" is the water stream that is subject to a land application system.

Our plan is to develop three 10MW power plants at the Raft River site to service the three contracts we have with Idaho Power Company. These will come on line one at a time, with the first planned for 2007 and the second two planned for 2008-2009. As you can see from the spreadsheet, the water rights currently under application for transfer do not provide all of the water we need for the three plants (30MW) and we expect to acquire more water in the future.

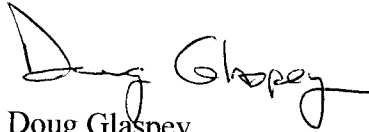
In regard to land application of the Blowdown water, we are discussing the issue with the Idaho DEQ as to which method is best. At this time, I would specify all of the presently irrigated tracts for potential land application sites. The western facility location would also use these same tracts for land application.

I will work toward getting a letter from the current lien holder. Our intent is to close the purchase once IDWR has determined the amount of water available for transfer, but before the transfer is finalized, so that the current lien holder will not be involved once the transfer takes effect. Our purchase of the property is dependent upon the water transfer determination.

I have also included a copy of our new release announcing the signing of the EPC contract with Ormat Nevada for construction of the power plant. Ormat has provided the water requirement numbers for the power plant and cooling towers.

Please don't hesitate to contact me when new questions arise.

Best Regards,

A handwritten signature in black ink, appearing to read "Doug Glaspey". The signature is fluid and cursive, with the first name "Doug" and last name "Glaspey" clearly distinguishable.

Doug Glaspey
Chief Operating Officer

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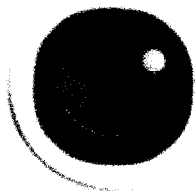
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Raft River Geothermal Project - Estimated Water Requirements for 30MW Development 12/6/05

	<u>3 Cycles of Concentration</u>		
	<u>Make Up - gpm (acre-ft/year)</u>	<u>Evaporation - gpm (acre-ft/year)</u>	<u>Blowdown - gpm (acre-ft/year)</u>
Design Basis - Plant One 10MW	840 (1,355)	560 (903)	280 (452)
Guaranteed Design Point	915	610	305
Typical Summer High Temp.	1,090	727	363
Summer Daily Max. Temp.	1,030	687	343
Summer Average Temp.	940	627	313
Winter Average Temp.	760	500	250
20MW Design Basis (Plants 1 + 2)	1,680 (2,710)	1,120 (1,806)	560 (904)
30MW Design Basis (Plants 1, 2 + 3)	2,520 (4,065)	1,680 (2,709)	840 (1,356)

Make up = Evaporation + Blowdown



US Geothermal Inc.

CLEAN GREEN RENEWABLE ENERGY

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TRADING SYMBOLS:

In the U. S.: OTCBB: **UGTH** and in Canada: TSX-V: **GTH**

December 7, 2005

US GEOTHERMAL SIGNS POWER PLANT EPC CONTRACT WITH ORMAT NEVADA, INC. FOR IDAHO POWER PROJECT

BOISE, Idaho, December 7, 2005 (OTCBB: **UGTH**, TSX.V: **GTH**) U.S. Geothermal Inc., a renewable energy development company focused on the production of electricity from geothermal energy, announced today that the company has entered into a fixed price engineering, procurement and construction ("EPC") contract with Ormat Nevada, Inc. ("Ormat") to supply equipment and construct the first in a series of planned geothermal power plants at Raft River, Idaho. The EPC contract with Ormat was contemplated by a letter of intent between Ormat and the company executed earlier this year. Ormat is a subsidiary of Ormat Technologies Inc., a New York Stock Exchange listed company (NYSE: **ORA**) with over three decades of experience in the design, engineering, manufacturing, construction, and operation of geothermal power plants.

"This agreement with Ormat provides a fixed price for the manufacture and construction of the phase one power plant at Raft River and a performance guarantee from an internationally recognized leader in the geothermal power industry." said Daniel Kunz, the company's President and CEO.

The terms of the EPC contract also provide U.S. Geothermal and Ormat with the option to build the next two power plants at Raft River on substantially the same terms and conditions, including price, subject to subsequent changes in costs of materials and labor and any cost reduction benefits derived from potential economies of scale.

The plant design incorporates Ormat's proprietary power generation technology with water cooling for maximum efficiency. The output of the plant will fully meet the power delivery requirements of the first 10 MW, 20-year Firm Power Sales agreement between U.S. Geothermal, Inc. and the Idaho Power Company.

Marathon Capital LLC was previously retained to arrange potential financing for the phase one project. On November 15, 2005 the advisory agreement with Marathon Capital LLC expired. U.S. Geothermal is currently in discussions with and accepting financing proposals for the phase one power plant from several qualified institutions.

About US Geothermal:

U.S. Geothermal is a renewable energy development company that is in the process of developing a geothermal power project at Raft River, Idaho. The company believes Raft River is ideally located to make an important contribution to the power needs of the Pacific Northwest. U.S. Geothermal owns approximately 1.03 square miles (660 acres) and holds the geothermal rights to an additional 7.15 square miles (4,577 acres) of private lands, which comprise the Raft River project in Southeastern Idaho. The Raft River geothermal reservoir is the site of a former US Department of Energy geothermal research facility. On the basis of a report prepared by the company's independent consultant, GeothermEx Inc., of Richmond California, which projects a power production capacity of 15.6 MW per square mile. The company believes that Raft River's energy reservoir is scalable to produce an estimated 100 MW of power from the lands currently owned or leased by the company. U.S. Geothermal has signed power sales contracts for three 10MW power plants with the Idaho Power Company, and has secured transmission for up to 36MW with the Bonneville Power Administration.

Please visit our Website at: www.usgeothermal.com

FOR ADDITIONAL INFORMATION PLEASE CONTACT:

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The information provided in this news release contains forward-looking statements within the definition of the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995, including statements regarding the execution of the EPC Agreement, construction of power plants, and the viability of the geothermal resource. These statements are based on US Geothermal Inc.'s current expectations and beliefs and are subject to a number of risks and uncertainties that can cause actual results to differ materially from those described in forward looking statements, including the risks that financing will not be available for construction of the power plants, construction will not be completed on budget or on schedule, and the revenues generated under the power sales agreements will not prove sufficient to fund operations and/or service debt, among others. Readers are cautioned to review the risk factors identified by the company in its filings with Canadian and US securities agencies.

The TSX Venture and OTC Bulletin Board Exchanges do not accept responsibility for the adequacy of this release.