Contract No. G-020-043
“Flare Gas – Power Generation Commercial Viability Pilot”
Submitted by Blaise Energy, Inc.
Principal Investigator: Pascal Boudreau

PARTICIPANTS

<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Cost Share</th>
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</thead>
<tbody>
<tr>
<td>Blaise Energy</td>
<td>$6,740,000</td>
</tr>
<tr>
<td>Blaise Energy (in-kind)</td>
<td>$ 360,000</td>
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<tr>
<td>North Dakota Industrial Commission</td>
<td>$ 375,000</td>
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<tr>
<td>Total Project Cost</td>
<td>$ 7,475,000</td>
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Project Schedule – 18 months
Contract Date – August 30, 2010
Start Date – July 1, 2010
Final Report: December 31, 2011
Completion Date – December 31, 2011

Project Deliverables:
Project 1 Status Report 1: 3 months after implementation
Project 1 Status Report 2: 6 months after implementation
Project 1 Status Report 3: After installation of all equipment and operations commence
Project 1 Final Report: After 12 months of operation
Project 2 Status Report: 3 months after implementation
Project 2 Status Report: 6 months after implementation
Project 2 Status Report: After installation of all equipment and operations commence
Project 2 Final Report: After 12 months of operation

OBJECTIVE/STATEMENT OF WORK:
To demonstrate the commercial viability of using otherwise wasted associated gas as fuel for on-site electrical power generation and its subsequent sale to the grid of the electricity as an alternative to flaring. Currently, associated gas is often flared and wasted due to economic or logistic reasons. Blaise Energy will share the project results with the oil industry via technology workshop(s) that explains the financial and operational benefits of this solution and demonstrate new methods for better resource management.

The Industrial Commission provided funding for this project with certain conditions. The sites for which the Commission will provide funding must be for locations which will result in either increased oil production or a prevention of a decrease in oil production. Commission funding is to be disbursed on two project sites.

STATUS
Contract executed.

Project 1 has been identified. It is a single well currently being flared due to lack of pipeline facilities. The EM Richardson 25-13 H flares 76 Mcfd (@1387 BTU/cf) and is electrified. It is anticipate that this project will consume the gas which is enough to support a 300 KW generator and in the process prevent the wasting of 38 billion BTU per year.
Status Report 1 on Project 1 has been received. The Report states the interconnection will be made with Burke-Divide Electric Cooperative. Work with Basin Electric Power Cooperative Western Area Power Administration is continuing. A System Impact Study Agreement has been entered into.

Status Report 2 on Project 1 has been received. The Report states that there has been acceptance of the Distributed Generation Power Purchase Application with Basin Electric, acceptance of the interconnect with Burke-Divide Electric Cooperative and a North Dakota Department of Health Construction Permit has been received. Enclosure which houses the equipment and the equipment either has arrived and is being placed on site or is ordered and will be arriving in the near future.

Status Report 3 on Project 1 has been received. The Report states in part:
- Completed all interconnect requirements and received all approvals.
- Completed Interconnect to Burke-Divide Electric Cooperative (BDEC) and tested projection with BDEC
- Modified gas connection for increased reliability
- Configured generator controls to follow varying gas conditions
- Received MRETS site approval for Richardson. We believe this is the 1st Recycled Energy classification of its kind in the country.
- Richardson unit started generating power into the grid on June 24, 2011.

The Appendix A – Site 1 Technical Project Brief (Site Submission Deliverable & Details for the EM Richardson 25-13H) is posted on the website.

07/08/11