



Anderson Springs

Community Alliance

March 17, 2003

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(Original Sent via US Mail)

Internal Revenue Service
TE/GE T:EO:RA:D - Group 7881
Attention: Mrs. C. Smith
31 Hopkins Plaza, Room 1400
Baltimore, MD 21201

Dear Mrs. C. Smith,

In response to your attached letter of March 5, 2003, enclosed you will find the additional information requested to assist you in ensuring that the Anderson Springs Community Alliance (Federal Employer Identification Number: 06-1661314) has been organized and is operating in compliance with the legal requirements of a tax-exempt charitable organization, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986.

As requested, I have submitted our responses in a manner that corresponds to your numbered questions. I have also added some background information that describes the unique environmental context affecting Anderson Springs and its surroundings, hopefully enabling you to better understand the types of charitable activities in which our organization plans to engage.

1. Provide a description of Anderson Springs.

Anderson Springs, founded in 1873 as a health resort due to its hot springs and natural amenities, is a small community located in southwestern Lake County, California (about 100 miles north of San Francisco), comprised of about 400 full-time residents and around 1,000 part-time residents seasonally.

The natural resources, environment, and community of the Anderson Springs' area are highly unusual & unique due to their sensitive location within The Geysers Geothermal Field, the largest known geothermal steamfield in the world encompassing more than 23,000 acres. Due to this location, Anderson Springs was once a world-renowned resort & travel destination (similar to The Geysers, another famous resort a few miles away), and since the late 1960s, this area has experienced aggressive commercial exploitation of its vast quantities of geothermal steam, resulting in the widespread industrialization of The Geysers Geothermal Field (the area currently includes 21 active geothermal powerplants, over a thousand geothermal wells, and many miles of steam & wastewater pipelines— all within a few miles of the Anderson Springs area). Much of the area surrounding Anderson Springs is remote, inaccessible, and consists of pristine public lands— almost half of The Geysers Geothermal Field consists of Federal land under the Bureau of Land Management.

The last three decades of geothermal industrialization have resulted in numerous serious, life-threatening problems affecting the environment, public lands, people, and property around Anderson Springs. Furthermore, the past few years have seen these environmental problems accelerate due to regional population growth demanding more electricity, as well as both Lake County and Sonoma County now pumping their populations' wastewater for disposal directly above and within 2 miles of Anderson Springs (currently, an average of 8 million gallons of wastewater are being injected daily above our community, and this number will more than triple to 26 million gallons per day in the next couple of years).

As a direct result of these activities, the Anderson Springs' area has experienced significant damage to the environment, including having become the most seismically active area in all of California: The United States Geological Survey (USGS) has documented a total of 27,627 earthquakes within 5 miles of Anderson Springs over the past 32 years—virtually all of which are man-made events due to geothermal development activities—in an area that before this time never had any reported history of earthquakes! To illustrate the growing, cumulative trends of these earthquakes, consider the following: Only 1% of all earthquakes occurred in the first 10 of these 32 years; by contrast, for last year alone there were 2,249 such events (8% of the total), about 800 of which directly impacted the Anderson Springs' area (averaging about 2 such earthquakes per day). Despite this problem, there are currently NO safeguards in place for the public, little independent research or monitoring of this situation, and NO funds, bonds, or insurance to protect the environment and local inhabitants, both of which are already suffering serious cumulative impacts from these earthquakes and other related environmental changes.

2. Describe your research activities, and how you'll use the results of such research.

In general, our research activities will involve a variety of scientific, legal, and other research related to geothermal issues, activities, development, and their impacts at The Geysers for the purpose of understanding, improving & resolving environmental problems in the area of Anderson Springs. Research activities will be conducted by qualified volunteers from the nonprofit and the public at large, as well as by engaging qualified professionals from public and private sectors as described in my original response concerning funding for the nonprofit's activities (IRS Form 1023, Part II, Page 2, Questions 2 & 3, dated Dec. 15, 2002).

In the summer of 2002, founding members of the Anderson Springs Community Alliance implemented the first of what will become ongoing efforts to assess, monitor, and document the environmental impacts of geothermally induced microseismicity on the area's natural resources, residents, and structures through a comprehensive earthquake survey that was publicly available at three separate locations in the community, as well as mailed to all known addresses in the area. In September 2002, the results of this survey were tabulated and presented to the public in an informational meeting that was publicly notified in advance through the area's only newspaper, as well as through another mailing to all residents. Documentation of this survey's comprehensive findings, including 183 photos of property damage, were made available to all who attended the public meeting, as well as later presented in person/mailed to more than two dozen representatives within relevant County, State & Federal jurisdictions, institutions, other nonprofits, newspapers, and the geothermal companies at The Geysers. Later this year we hope to have a more extensive survey conducted by qualified outside professionals (in partnership with Lake County, the City of Santa Rosa, a leading university, appropriate Federal or State agency, and/or an independent geological firm) concerning the environmental impacts of geothermally induced microseismicity on the area's natural resources, residents, and structures.

Another essential research project for which this nonprofit will seek grant funding in mid-2003 is a comprehensive soils & geologic mapping of Anderson Springs' area, including the identification of faults, landslides, specific types of rocks & soils, and changing conditions that appear suspect & warrant monitoring. Next we plan to conduct baseline assessments with some form of ongoing monitoring to track the area's landslides and ground movement, especially relative to the rapidly increasing number of earthquakes. This baseline assessment will also include investigation into all known claims of environmental & property damage from these earthquakes, as well as establishing procedures for ongoing monitoring, and responding to new reports of problems. The nonprofit is already involved with the installation of strong ground motion sensors in Anderson Springs as well as nearby Cobb Mountain.

By conducting research into the nature of environmental impacts around Anderson Springs, our nonprofit seeks to understand and quantify as objectively as possible these changes, so we can then share this information with the community, government representatives, regulatory officials, geothermal companies, scientists, and the general public, helping ensure the area's environmental health & safety, quality of life, and other rights are protected. All data generated from our own research, as well as research where we've partnered with other entities has been and will continue to be made fully available at no cost to the public, to all applicable jurisdictions and regulatory entities, and to anyone else who has expressed an interest. We also post all results of our research on our website (www.AndersonSprings.org) where this information is available for full and free public access. Similarly, we plan to have real-time monitoring capabilities available through our website (from such data sources as the strong ground motion sensors, and USGS's array of seismometers), so the public, scientists, officials, and local residents can have easy access to pertinent information about ongoing environmental impacts.

Throughout 2001 and 2002, founding members of the nonprofit have also been conducting ongoing analysis and publication of seismic activities, impacts, and trends in the area surrounding Anderson Springs using publicly available earthquake data. Starting in November 2001 and continuing every six months thereafter, this research and analysis has been presented at public meetings held for the express purpose of monitoring impacts of geothermally induced seismicity at The Geysers, organized by Lake County's Sanitation District (which is responsible for current wastewater injection at The Geysers that trigger most of the area's earthquakes), which includes officials from County, State & Federal government & regulatory agencies, representatives from the companies operating at The Geysers, community representatives, and members of the public. The nonprofit will continue to sponsor research that monitors and analyzes earthquake activities at The Geysers for presentation at such public meetings, as well as publication via the nonprofit's website and other means, making the results available to the general public, USGS, California's Department of Conservation, Division of Oil, Gas & Geothermal Resources, the Anderson Springs Community Services District, the Anderson Springs Homeowners Association, the Friends of Cobb Mountain, Seismo-Watch/Advanced Geologic Explorations, the City of Santa Rosa, Lake County's Sanitation District, the Bureau of Land Management, among many others.

In cooperation with many of these same entities, the Anderson Springs Community Alliance plans to sponsor research in the coming years related to a wide variety of issues involving environmental monitoring and impact studies on the area's people, structures, air quality, noise, seismicity, soils & geology, mineral & geothermal resources, hazards & hazardous materials, domestic & recreational water quality/hydrology, public recreation activities, roads & transportation infrastructure, health of fish, game, and other biotic resources, well-being of forests and plants including a wide range of species listed as rare & endangered under State & Federal laws, the condition of cultural & historical resources, and the area's public services/utilities and related infrastructure.

The ability for the nonprofit to achieve its purposes and objectives depends on the availability of current, ongoing research across a broad spectrum that has been largely unavailable, outdated, or conducted under the biased auspices of geothermal companies and their consultants (who have vested interests for avoiding any research that jeopardizes existing or planned geothermal projects).

Finally, as of November 2002, the nonprofit has begun the process of retaining legal counsel through the firm of Battaile & Hargrave, and has received assistance from the organization's founding members to start performing the legal & legislative due diligence/research into local, State & Federal laws, codes, precedences, practices, and remedies necessary for enforcing local, State & Federal laws, statutes, and ordinances to protect, preserve, and restore environmental quality surrounding Anderson Springs. Because the situation at The Geysers/Anderson Springs is highly unusual and unique—the experimental nature of wastewater injection and its resulting man-made earthquakes—groundbreaking research to develop new areas of legal theory & practice is required with little benefit of precedence. Our legal research may expand in mid-2003 and may be essential for several years if we move forward with litigation to press for resolution of the area's environmental problems, in the event we are unable to improve the current situation via other means and we have exhausted all administrative remedies.

3. Describe your educational activities. Will you conduct workshops & conferences and provide exhibits?

Founding members of the Anderson Springs Community Alliance have donated several thousand dollars privately during 2001 and 2002 to create awareness and educate local residents, the general public, government representatives, regulatory officials, and the geothermal companies about the variety of environmental issues affecting the health, safety, and well-being of the general public, wildlife, creeks, forests, culture, and history in the area of Anderson Springs, California. Such activities have involved and will continue to involve the collection and dissemination of research, publications, articles, press coverage, reports, analysis, data, and other information pertaining to environmental issues affecting the area around Anderson Springs. As part of these efforts, the nonprofit developed and regularly updates a public information website at www.AndersonSprings.org to serve as an expanding clearinghouse and resource for the collection and dissemination of information to create awareness and educate the public.

Since 2001, the nonprofit and its organizers have conducted informational mailings, made free literature available in public locations, and held public events every couple of months, at which presentations were made and free literature was distributed to the general public and interested groups/organizations (presentations and literature have focused on geothermal issues, activities, operations, and development of The Geysers, as well as on topics concerning environmental issues and the area's natural resources).

From the second quarter in 2003 and beyond, an important component of the nonprofit's operations will be the ongoing education of the public about research topics being sponsored, new findings, and mitigation projects related to the area's environmental issues. By end of 2003, the nonprofit also plans to write articles for publication in newspapers, scientific journals, and other periodicals.

Volunteers from the Anderson Springs Community Alliance have already begun an extensive project to document and preserve the area's cultural & historic resources, including the creation of a digital library of historic photographs (many of which can be viewed on our website). Starting this spring, we will be organizing a number of free events, including presentations, workshops, and walking tours, that highlight the area's rich history, culture, geology, wildlife, and other natural features.

Over time we plan on creating educational displays at specific points of historic or geologic interest around Anderson Springs. We may eventually develop traveling exhibits for use in schools and local museums. Currently, we do not have plans for organizing any conferences.

We do not charge any fees related to our organization's educational activities, which are made available to the general public and our events are publicly noticed.

4. Describe your advocacy activities. Is there need for any legislative action to effect the changes you seek? If so, explain and include your role.

Since 2001, the nonprofit and its organizers have participated in a variety of public and private forums to create awareness and encourage further study of environmental issues impacting the area of Anderson Springs, California, as well as served as representatives to relevant public and private entities to advance further understanding, improvement & resolution of the area's environmental problems. In 2003, the nonprofit will expand its participation to a variety of groups/organizations related to geothermal and environmental issues to increase its visibility and influence. This advocacy function will remain critical in 2003 and beyond because Anderson Springs and its surroundings are valuable and important to the greater good of the general public, yet as an unincorporated, rural, and wilderness area with few towns, it is without any local representation beyond the Board of Supervisors for Lake County.

The goals of the nonprofit can be accomplished through enforcement of the many protections already afforded by existing local, State & Federal legislation, so the nonprofit will not be involved in influencing any new or modified legislation.

In 2003, based upon the research mentioned above, the nonprofit will begin to pursue a variety of administrative, financial, legal, and other remedies on behalf of the Anderson Springs' area and the general public, which may include pursuing litigation as a party plaintiff, as necessary to enforce local, State & Federal laws, statutes, and ordinances, and to create solutions that protect, preserve, and restore environmental quality surrounding Anderson Springs. At the same time, the nonprofit will focus on developing programs and mechanisms that encourage dispute resolution and the public participation in our research, education, advocacy, and mitigation activities, within the framework of existing laws, statutes, and ordinances.

5. Describe your mitigation activities.

Starting in mid-2003, pending funding from a variety of government grants intended to support such activities, the Anderson Springs Community Alliance will participate in a variety of charitable activities to mitigate the impacts of geothermal development in a way that protects, preserves, and restores environmental quality in the area of Anderson Springs, California, for the benefit of the environment, the general public, and surrounding residents. Much of the nonprofit's mitigation programs will be determined and implemented as a direct result of nonprofit's research, education, and advocacy programs as described above. Planned mitigation projects will ultimately include protection of the area's historic hot springs and other cultural/historical sites; monitoring the area's air & water quality; proper environmental restoration of abandoned geothermal wells, pipelines, powerplants, roads, and other remnants of geothermal development; mitigation of problems resulting from erosion, siltation & landslides; development of a fund, insurance, and other mechanisms to compensate & protect the public from current and future impacts of seismic and other natural hazards caused by geothermal development in the area, as well as to mitigate financial risks to the general public associated with insolvency of current & future geothermal companies.

In the meantime, as of this March our nonprofit has been approved by California's Department of Transportation (Caltrans) to adopt two miles of State Highway 175 leading to the Anderson Springs' area, where our organization is now responsible every other month for the next two years for all litter removal and cleanup on both sides of this highway. We view such charitable activities as benefiting the environment and general public, actively supporting our organization's charter to protect, preserve, and restore environmental quality in the area of Anderson Springs.

Immediate mitigation priorities for mid-2003 and early 2004 include the following:

- Working with USGS, the California Geological Survey, and geothermal operators to provide direct, unedited, real-time access and use to the public for all data generated from strong motion seismic monitoring stations installed in Anderson Springs and Cobb. These monitoring stations are mitigation requirements for the City of Santa Rosa's \$240-million-dollar wastewater project at The Geysers, based upon the project's Final Environmental Impact Report.
- Analyzing, monitoring, and mitigating a hazardous Mercaptan gas seep area consisting of dangerous levels of hydrogen sulfide gas and combustible hydrocarbons that was recently discovered by USGS less than ¼ mile above a number of residences at Anderson Springs, for whom it has been causing ongoing nuisance odor and potential health problems, as well as damaging the surrounding environment. Representatives of USGS, the geothermal companies, and Lake County's Air Quality Management District have agreed on the source of these smells, but have lacked funding to determine the nature, health risks, and resolve this impact.
- Studying and mitigating the continued problems with tree kills, erosion, landslides, and contamination of creeks in Anderson Springs due to the dramatic physical & chemical changes at the area's historic hot springs, caused by recent geothermal development activities.
- Instituting a fund/insurance and other safeguards to protect, compensate, and fund a variety of mitigations of current and anticipated impacts from increasing seismicity at The Geysers, for benefit of the environment, the general public, and residents in the surrounding area.

Finally, because the commercial lifespan of The Geysers Geothermal Field is unknown and lies somewhere between the next 5 to 25 years, considerable mitigation measures will be required in the Anderson Springs' area as geothermal wells, pipelines, powerplants, roads, and other remnants of geothermal development are abandoned. Due to the likely insolvency of the geothermal companies at that time, as well as the lack of adequate funds from a small county government like Lake County, it is anticipated that the nonprofit will be involved in ensuring that proper restoration of the environment occurs once geothermal development has ended, sometime between 2008 and 2028.

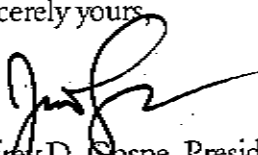
6. What exactly do you seek from litigation? Explain how the results of the litigation will result in benefit to the community, and whether or not there will be any direct and immediate effect on the environment.

The Anderson Springs Community Alliance only expects to engage in litigation as a last resort, once all other administrative remedies have been exhausted. Our organization is supportive of geothermal energy as a viable alternative energy source, however, the goal of any litigation would be to ensure that continued geothermal development is conducted in a responsible manner that complies with current local, State & Federal laws and protects the people and environment of the Anderson Springs' area. The basis for any future litigation would be due to significant environmental damage that is occurring, likely attributed to ongoing geothermal operations, the successful outcome of which would cease or minimize these damaging activities, and require mitigation to restore environmental quality in the affected areas.

Examples of specific types of damaging activities that litigation could address include prohibitions or limitations for the drilling of new geothermal wells for steam production or wastewater injection; limits on how close such wells can be to waterways, sensitive areas of habitat, or the community of Anderson Springs; and limits on volumes and locations where wastewater can be injected in the ground near the Anderson Springs' area. These examples represent the type of geothermal activities that directly and immediately impact the environment around Anderson Springs, so successful litigation addressing these causative impacts would definitely have direct and immediate benefit to both the environment and the community around Anderson Springs.

Mrs. Smith, if you have any questions about the responses I've submitted, or if you require additional information, please don't hesitate to contact me at 707-569-5616.

Sincerely yours,



Jeffrey D. Gospe, President
Anderson Springs Community Alliance