

Mechanical Fit Out Budget Proposal

May 8, 2009

Jeffrey,

Please find attached the Mechanical Building Budget and Sketch for *Equipment Fit Out and integrated DPNR requirements*.

This budget proposal includes the power and water infrastructure for current usage, the projects under construction and the projects currently in the design phases.

Included is a proposed 30 ft concrete extension (which represents \$274,000 of this Budget) of the Mechanical Building, which will provide a hurricane proof, air-conditioned environment recommended for the new RO system. With the additional plastic containers at the bottom of the existing building, we will have 75,000 gallons storage. This, combined with the existing house compound cisterns, will certainly satisfy any demand in the future.

We have allocated space for a clean, dry, air-conditioned IT room, two generators, the electrical interfacing infrastructure and inventory space for the RO, the generators and the related IT components.

We have also satisfied all remaining DPNR Oil & Gas requirements with this Budget.

Arran's old repair shop will be kept intact, but this proposal will free up space in the old RO and generator locations, providing space for possible mechanical, paint and irrigation inventory.

We have researched many options and recommend this as the best solution for the best price. We are confident we can negotiate contracts with concrete, mechanical & electric contractors, which are inclusive and more than likely below budget.

This proposal will also keep us on schedule as we further investigate the steel building and hill stability issues. This plan does not include the retaining wall/steel building budget, which is pending data on the hillside.

Work in this new budget will not effect issues involving the Steel Building Proposals and deals only with the functional completion of the Mechanical Building.

The new budget proposal includes the following:

1. New RO system, which produces 90,000 gallons per day.
2. New 55,000-gallon cistern.
3. Add 15,000 gallons of freestanding plastic cisterns in place of one diesel storage tank.
4. Additional pumps to intake seawater.
5. Two new generators.
6. Two diesel storage tanks for the generators.
7. Concrete containments pads for gas truck and oil drums, oil/water separator as required by DPNR.
8. New air-conditioned space for the IT installation.

COSTS

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|----------------|----------------|
| LSJ LABOR | \$105,640.50 |
| LSJ MATERIAL | \$713,676.60 |
| SUBCONTRACTORS | \$2,162,857.20 |
| | |
| TOTAL | \$2,982,174.30 |

Curtis