



TRADING SYMBOLS:

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

## **US GEOTHERMAL DRILLING SHOWS EXTENSIVE RENEWABLE ENERGY RESOURCE AT RAFT RIVER**

**BOISE, Idaho** – October 19, 2006 (OTCBB: **UGTH**, TSX.V: **GTH**) U.S. Geothermal Inc. (“U.S. Geothermal”), a renewable energy development company focused on the production of electricity from geothermal energy, announced today that recent drilling indicates the company’s geothermal resource at Raft River, Idaho has the potential to be extensive.

U.S. Geothermal recently completed the deepening of two existing injection wells, RRG-6 and RRG-7, as part of its well improvement program for the Phase One, 13 MW geothermal binary cycle power plant now under construction at Raft River.

“We are pleased with the initial drilling results which validate our current geologic model of the Raft River reservoir. Good progress is being made on construction due to the professional services provided by our contractors working on the plant and facilities,” said Daniel Kunz, President and Chief Executive Officer of U.S. Geothermal. “We are on schedule to begin commercial power generation in September 2007.”

Because the two injection wells are located fully a half-mile from the nearest production well, the drilling results confirm the current geologic model showing an extensive geothermal resource. In both of these wells, the targeted reservoir zone was encountered at the depth and thickness anticipated in the geologic model. Flowing geothermal brine temperature measurements recorded at the well heads are 240° F at RRG-6 and 270° F at RRG-7; however, RRG-7 has a bottom hole temperature measurement of 300° F indicating possible mixing from a cooler upper reservoir zone. Both wells have flowed at more than 1,000 gallons per minute, which demonstrates their physical connection to the geothermal reservoir. Injection tests are now under way to determine the capacity of these two deepened wells to accept the cooled fluid to be produced by the power plant.

The drill rig is now operating on production well RRG-4. The work is 20% complete on a program designed to sidetrack the vertical well at 2,800 feet. The drill rig milled a hole through the existing well casing and is now drilling a new inclined production leg from that location. This new production leg is targeted toward the Bridge fault zone and is planned to an expected depth of 5,400 feet.

U.S. Geothermal’s power plant and pipeline construction work continues on schedule. Ormat Nevada Inc. (“Ormat”), a subsidiary of Ormat Technologies Inc. (**ORA: NYSE**), the contracting firm building the Raft River power plant, has made significant progress on the manufacturing of

plant components in their factory and has initiated fieldwork on the power plant foundations. During the last month, Ormat placed equipment orders for major pumps and electrical components. The construction of the production and injection pipelines is progressing well, with about 75 percent of the installation work complete. A contract was signed with Raft River Electric Coop for the construction of the upgraded power line to the Bridge substation.

**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 holds through ownership or lease geothermal rights 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, the site has a 50% probability of a power production capacity of 15.6 MW per square mile which may translate to 100 MW or more. U.S. Geothermal has signed a power sales contract for one 10MW power plant with the Idaho Power Company, is in negotiations for an additional 26 MW with new customers, and has secured transmission for up to 36MW with the Bonneville Power Administration.

Please visit our Website at: [www.usgeothermal.com](http://www.usgeothermal.com)

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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 nature, size and viability of the geothermal resource, the construction of power plants and the projected production date. 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. Forward-looking statements are based on management's expectations, beliefs and opinions on the date the statements are made. U.S. Geothermal Inc. assumes no obligation to update forward-looking statements if management's expectations, beliefs, or opinions, or other factors, should change.

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