



## E-MAIL

TO: Dead Sea Power Project  
ATTN: Randolph Gonce

FROM: Lok Home  
DATE: November 10, 2008  
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### SUBJECT: Tunneling Costs

I agree with the \$1.5 billion Halcrow Group ballpark estimate at 10 m diameter for the 72 km.

The tunnel in India where we have two machines, 43 km in length, 10 m cut diameter, segment lined in granite, quartzite and shale tendered for approximately \$600 million two years ago.

The project price in India is low by international standards but also the rock is hard and abrasive. Extrapolating from this cost, adding 25% for more expensive labor, another 15% inflation plus increasing by a factor of 1.7 for the distance, less something for softer rock, should put you in the \$1.5 billion range.

Regarding the diameter, expect the following:

8 m I.D.	\$1.4 billion
10 m I.D.	\$1.65 billion
12 m I.D.	\$2.1 billion

As the diameter increases the labor cost remains relatively the same but equipment and consumable costs increase.

I hope this information is of value.

Regards,

Lok Home

LH/mbf