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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
OGDEN NEW YORK SERVICES, INC., et al., : Case Nos. 02-40826 (CB), et al.
Debtors and Debtors in Possession. : Jointly Administered
: :
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**HEBER DEBTORS' THIRD AMENDED JOINT PLAN OF REORGANIZATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

November 21, 2003

AMOR 14 Corporation, Covanta SIGC Energy, Inc., Covanta SIGC Energy II, Inc., Heber Field Company, Heber Geothermal Company and Second Imperial Geothermal Company, L.P., as debtors and debtors in possession under chapter 11 of title 11 of the United States Code, in each of their separate cases, which have been consolidated for procedural purposes only, (each a "Heber Debtor" and collectively, the "Heber Debtors") hereby propose and file this Heber Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 Of The Bankruptcy Code. A list of the Case Numbers for each of the Heber Debtors is attached hereto as Exhibit A.

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INTRODUCTION

These Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of the Court. While this is a joint reorganization plan for each of the Heber Debtors, and without limiting the terms of Section 6.5 of this Heber Reorganization Plan, it does NOT provide that these Chapter 11 Cases will be substantively consolidated. Capitalized terms used herein shall have the meanings ascribed to such terms in Article I of this Heber Reorganization Plan.

Reference is made to the Disclosure Statement accompanying this Heber Reorganization Plan, including the Exhibits thereto, for a discussion of the Heber Debtors' history, business, results of operations and properties, and for a summary and analysis of this Heber Reorganization Plan. All creditors are encouraged to consult the Disclosure Statement and read this Heber Reorganization Plan carefully before voting to accept or reject this Heber Reorganization Plan.

NO SOLICITATION MATERIALS, OTHER THAN THE DISCLOSURE STATEMENT AND RELATED MATERIALS TRANSMITTED THEREWITH AND APPROVED BY THE COURT, HAVE BEEN AUTHORIZED BY THE COURT FOR USE IN SOLICITING ACCEPTANCES OR REJECTIONS OF THIS HEBER REORGANIZATION PLAN.

To the extent there is no prejudice to the Buyers' rights under the Purchase Agreement in respect of confirmation of this Heber Reorganization Plan for all of the Heber Debtors, the Heber Debtors reserve the right to proceed with confirmation of this Heber Reorganization Plan as to some but not all of the Heber Debtors at the same time.

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Definitions. In addition to such other terms as are defined in other Sections of this Heber Reorganization Plan, the following terms (which appear herein as capitalized terms) shall have the meanings set forth below, such meanings to be applicable to both the singular and plural forms of the terms defined. A term used in this Heber Reorganization Plan and not defined herein or elsewhere in this Heber Reorganization Plan, but that is defined in the Bankruptcy Code has the meaning set forth therein.

“Additional Contracts” means the contracts and leases identified on Exhibit D attached to this Heber Reorganization Plan (as such Exhibit may be amended at or prior to the Confirmation Hearing).

“Administrative Expense Claim” means a Claim under sections 503(b), 507(a)(1), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses incurred after the Petition Date and prior to the Closing Date for preserving the assets of the Heber Debtors, any actual and necessary costs and expenses of operating the businesses of the Heber Debtors incurred after the Petition Date and prior to the Closing Date, all

compensation and reimbursement of expenses allowed by the Court under sections 330, 331 or 503 of the Bankruptcy Code, any reclamation claims arising under section 546(c) of the Bankruptcy Code and any fee chargeable under section 1930 of Chapter 123 of Title 28 of the United States Code.

“Agent Banks” means Bank of America, N.A., as Administrative Agent, and Deutsche Bank, AG, New York Branch, as Documentation Agent, under the Prepetition Credit Agreement.

“Administrative Expense Claim Bar Date” means the date that is thirty (30) days following the Effective Date. The Administrative Expense Claim Bar Date shall apply to all holders of Administrative Expense Claims not satisfied prior to the Administrative Expense Claim Bar Date, except that the Administrative Expense Claim Bar Date shall not apply to holders of the following limited types of claims: (a) United States Trustee Claims; (b) post-petition liabilities incurred and payable in the ordinary course of business by any Heber Debtor prior to the Closing Date; or (c) fees and expenses incurred by (i) Retained Professionals and (ii) Persons employed by the Heber Debtors or serving as independent contractors to the Reorganizing Debtors in connection with their reorganization efforts.

“Allowed” means, with reference to the portion of any Claim (other than Administrative Expense Claims) or Equity Interest and with respect to each Heber Debtor, (a) any such Claim against or Equity Interest in such Heber Debtor which has been listed by a Heber Debtor in its Schedules, as such Schedules have been or may be amended or supplemented from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim or interest has been filed, (b) any Claim or Equity Interest allowed (i) under the Heber Reorganization Plan or under any settlement agreement incorporated or otherwise implemented hereby, (ii) by Final Order, or (iii) as to which the liability of each Heber Debtor and the amount thereof are determined by a final, non-appealable order of a court of competent jurisdiction other than the Court or (c) as to which a proof of claim has been timely filed before the applicable Bar Date in a liquidated amount with the Court pursuant to the Bankruptcy Code or any order of the Court, provided that (i) no objection to the allowance of such Claim or notice to expunge such Claim has been interposed by the Heber Debtors, the Reorganized Heber Debtors or Covanta before any final date for the filing of such objections or motions set forth in the Heber Reorganization Plan, the Confirmation Order or other order of the Court or (ii) if such objection or motion has been filed and not withdrawn, such objection or motion has been overruled by a Final Order (but only to the extent such objection or motion has been overruled); provided, further that any such Claims or Equity Interests allowed solely for the purpose of voting to accept or reject the Heber Reorganization Plan pursuant to an order of the Court shall not be considered “Allowed Claims” or “Allowed Equity Interests” for the purpose of distributions hereunder.

“Allowed Administrative Expense Claim” means the portion of any Administrative Expense Claim (including any interest for which the Heber Debtors are legally obligated) that is (i) incurred or arising after the Petition Date and prior to the Closing Date, (ii) for those Administrative Expense Claims as to which the Administrative Expense Claim Bar Date is applicable, which has been filed before the Administrative Expense Bar Date, (iii) which is not disputed by the Heber Debtors, Reorganized Heber Debtors, Covanta or the United States

Trustee, and (iv) as to which no objection to the allowance of such Administrative Expense Claim has been filed by the Heber Debtors, Reorganized Heber Debtors, Covanta or the United States Trustee.

“Allowed Class • Claim” means an Allowed Claim in the specified Class.

“Allowed Subclass • Claim” means an Allowed Claim in the specified Subclass.

“Allowed Priority Tax Claims” means any Claim that is Allowed pursuant to Section 2.4 of this Heber Reorganization Plan.

“Alternative Transaction” means, without prejudice to the Proposed Buyers’ rights under the Purchase Agreement, a sale (as part of a plan of reorganization or otherwise) of some or all of the Geothermal Business to a party making an offer that is higher or better than the terms offered in the Purchase Agreement as determined by the Debtors after consultation with the DIP Agents pursuant to the Court-approved auction process, or as otherwise approved by the Court.

“Alternative Transaction Purchase Agreement” means that certain purchase agreement, dated as of November 21, 2003, as it may be amended, by and among certain Debtor Sellers, Covanta Power Pacific, Inc., Covanta Energy Corporation and the Buyers.

“Amor” means Amor 14 Corporation.

“Bankruptcy Code” means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure promulgated by the United States Supreme Court under 28 U.S.C. § 2075 and the local rules of the Court (including any applicable local rules and standing and administrative orders of the Court), as now in effect or hereafter amended, as applicable to the Chapter 11 Cases.

“Bar Date” means the applicable date or dates fixed by the Court or this Heber Reorganization Plan for filing proofs of claim or interests in the Chapter 11 Cases.

“Break-Up Fee” has the meaning ascribed to such term in the Purchase Agreement.

“Business Day” means any day other than a Saturday, Sunday or “legal holiday” as such term is defined in Bankruptcy Rule 9006(a).

“Buyers” means Orheber 1 Inc., Orheber 2 Inc., Orheber 3 Inc. and Ormammoth Inc.

“Cash” means lawful currency of the United States, including cash equivalents, bank deposits, checks and other similar items, unless otherwise indicated.

“Chapter 11 Cases” means the voluntary cases under Chapter 11 of the Bankruptcy Code commenced by each Heber Debtor, which cases are currently pending before the Court under the caption In re Ogden New York Services, Inc. et al., Case Nos. 02-40826 (CB), et al.

“Claim” has the meaning set forth in section 101 of the Bankruptcy Code, whether or not asserted.

“Claims Objection Deadline” means that day which is one hundred eighty (180) days after the Effective Date, as the same may be extended from time to time by the Court, without further notice to parties in interest.

“Class” means any group of similar Claims or Equity Interests described in Article IV of this Heber Reorganization Plan in accordance with section 1123(a)(1) of the Bankruptcy Code.

“Closing” means the closing of the Geothermal Sale pursuant to the Purchase Agreement or an Alternative Transaction, as such term is defined in the Purchase Agreement or, as applicable, similar agreement with respect to an Alternative Transaction. The Closing shall occur simultaneously with the Effective Date.

“Closing Date” means the date and time of the Closing.

“Committee” means the Official Committee of Unsecured Creditors appointed by the Office of the United States Trustee in the chapter 11 cases of the Debtors pursuant to section 1102 of the Bankruptcy Code, as appointed, modified or reconstituted from time to time.

“Confirmation Date” means the date on which the clerk of the Court enters the Confirmation Order on the docket, within the meaning of Bankruptcy Rules 5003 and 9021.

“Confirmation Hearing” means the hearing held by the Court to consider confirmation of the Heber Reorganization Plan pursuant to section 1128 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

“Confirmation Order” means the order of the Court confirming the Heber Reorganization Plan pursuant to section 1129 of the Bankruptcy Code, together with any subsequent orders, if any, pursuant to sections 1127 and 1129 of the Bankruptcy Code approving modifications to the Heber Reorganization Plan, which in each case shall be in form and substance satisfactory to the Heber Debtors.

“Court” collectively means the United States Bankruptcy Court for the Southern District of New York and, to the extent it may exercise jurisdiction over the Chapter 11 Cases, the United States District Court for the Southern District of New York or if either such court ceases to exercise jurisdiction over the Chapter 11 Cases, such other Court or adjunct thereof that exercises competent jurisdiction over the Chapter 11 Cases or any proceeding therein.

“Covanta” means Covanta Energy Corporation (as debtor and debtor in possession or as it may reorganize in the future) the ultimate corporate parent directly or indirectly holding an interest in all the Heber Debtors in these Chapter 11 Cases.

“Cure Amounts” means the amounts identified on Exhibits B, C, D and E hereto as the amounts necessary to cure any and all defaults existing under each of the contracts identified therein pursuant to section 365(b) of the Bankruptcy Code.

“Debtor Operators” means the HFC Operator, the HGC Operator and the SIGC Operator.

“Debtor Sellers” means Covanta Energy Americas, Inc., Covanta Heber Field Energy, Inc., Heber Field Energy II, Inc., Heber Loan Partners, ERC Energy, Inc. and ERC Energy II, Inc., each a debtor and debtor in possession; provided, however, that to the extent the Buyers directly acquire the Equity Interests in the SIGC Project Company rather than the Equity Interests in SIGC One Sub and SIGC Two Sub in accordance with Section 2.1 of the Alternative Transaction Purchase Agreement, the term “Debtor Sellers” shall also include SIGC Two Sub and Amor.

“Debtors” means the Liquidating Debtors, the Reorganizing Debtors and the Heber Debtors, collectively.

“Deposit” has the meaning ascribed to such term in the Alternative Transaction Purchase Agreement.

“DIP Agents” means Bank of America, N.A., as administrative agent, and Deutsche Bank AG, New York branch, as documentation agent, under the DIP Financing Facility.

“DIP Financing Facility” means the Debtor-in-Possession Credit Agreement, dated as of April 1, 2002, among the Heber Debtors, the Reorganizing Debtors, the Liquidating Debtors, the DIP Lenders and the DIP Agents, as it has been or may be amended and modified from time to time, and as approved and extended by order of the Court.

“DIP Lenders” means those Persons from time to time party to the DIP Financing Facility as lenders.

“DIP Security Agreement” shall mean the Security Agreement, dated as of April 1, 2002, by and among Covanta, Bank of America, N.A. as Agent and the other parties named therein, as amended from time to time.

“Disclosure Statement” means the written disclosure statement that relates to this Heber Reorganization Plan, the Reorganization Plan and the Liquidation Plan and is approved by the Court pursuant to section 1125 of the Bankruptcy Code, as such disclosure statement may be amended, modified, or supplemented (and all exhibits and schedules annexed thereto or referred to therein) and that is prepared and distributed in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3018.

“Disputed Claim” means that portion (including, when appropriate, the whole) of a Claim that is not an Allowed Claim or is subject to an Estimation Request. For the purposes of the Heber Reorganization Plan, a Claim shall be considered a Disputed Claim in its entirety before the time that an objection has been or may be filed if: (a) the amount or classification of the Claim specified in the relevant proof of claim exceeds the amount or classification of any corresponding Claim scheduled by a Heber Debtor in the Schedules; (b) any corresponding Claim scheduled by a Heber Debtor has been scheduled as disputed, contingent or unliquidated in the Schedules; or (c) no corresponding Claim has been scheduled by a Heber Debtor in the Schedules.

“Disputed Claims Reserve” means, with respect to each Class of Claims receiving Cash Distributions under this Heber Reorganized Plan in which there exists any Disputed Claim on or after the Reorganization Plan Effective Date, Cash to be set aside by Covanta in separate accounts corresponding to each such Class of Claims in which there are Disputed Claims, in an amount such that, if such Disputed Claims become Allowed Claims, there will be sufficient Cash to pay all such Disputed Claims pro rata with Allowed Claims in such Class with respect to each such Class of Claims in accordance with the provisions of this Heber Reorganization Plan. Each Disputed Claims Reserve is to be maintained under this Heber Reorganization Plan, as set forth more fully in Article VIII of this Heber Reorganization Plan.

“Distribution” means the distribution to holders of Allowed Claims in accordance with this Heber Reorganization Plan of Cash or other property, as the case may be.

“Distribution Address” means (i) the address of the holder of a Claim set forth in the relevant proof of claim, (ii) the address set forth in any written notices of address change delivered to the Reorganized Heber Debtors after the date of any related proof of claim, or (iii) if no proof of claim is filed in respect to a particular Claim, the address set forth in the Schedules or register maintained for registered securities.

“Distribution Date” means (i) with respect to Claims and Equity Interests that are Allowed as of the Effective Date, as soon as reasonably practicable after the Effective Date, but in no event later than thirty (30) days after the Effective Date and (ii) with respect to Claims and Equity Interests that are Allowed after the Effective Date, the first Business Day after the date that is thirty (30) days after the date such Claims or Equity Interests become Allowed or otherwise become payable under this Heber Reorganization Plan; provided, however, in no event shall the Distribution Date be earlier than the date upon which the Sellers are required to deliver the Closing Statement (as defined in the Alternative Transaction Purchase Agreement) pursuant to Section 2.2 of the Alternative Transaction Purchase Agreement.

“Distribution Record Date” means the Confirmation Date.

“Effective Date” means a date, which is a Business Day, selected by the Heber Debtors that is no more than ten (10) Business Days following the date on which all conditions set forth in Section 10.2 of this Heber Reorganization Plan have been satisfied or expressly waived pursuant to Section 10.3 of this Heber Reorganization Plan.

“Equity Interest” means as to each Heber Debtor, any equity security, membership interest, partnership interest or share of common stock or other instrument evidencing an ownership interest in such Heber Debtor, regardless of whether it may be transferred, and any option, warrant or right, contractual or otherwise, to acquire an ownership interest or other equity security in such Heber Debtor and shall include any redemption, conversion, exchange, voting participation, dividend rights and liquidation preferences relating thereto.

“Estate” means as to each Heber Debtor, the estate which was created by the commencement of such Heber Debtor’s Chapter 11 Case pursuant to section 541 of the Bankruptcy Code, and shall be deemed to include, without limitation, any and all privileges of such Heber Debtor and all interests in property, whether real, personal or mixed, rights, causes of action, avoidance powers or extensions of time that such Heber Debtor or such estate shall have had effective as of the commencement of the Chapter 11 Case, or which such estate acquired after the commencement of the Chapter 11 Case, whether by virtue of section 544, 545, 546, 547, 548, 549 or 550 of the Bankruptcy Code or otherwise.

“Estimation Request” means a request for estimation of a Claim in accordance with the Bankruptcy Code and Bankruptcy Rules.

“Exit Costs” means the Cash costs for consummation of this Heber Reorganization Plan, to be either paid or reserved on or shortly after the Effective Date pursuant to the terms hereof, including without limitation, (i) all amounts required with respect to Distributions to holders of Allowed Administrative Expense Claims and funding of reserves with respect to Disputed Claims, (ii) payment of all costs and expenses associated with the transactions contemplated hereunder, (iii) Cure Amounts and (iv) establishment of tax reserves with respect to the sale of the Geothermal Business, all of which costs shall be estimated and set forth on a schedule to be filed with the Court no later than five (5) days prior to the Confirmation Hearing.

“Final Order” means an order or judgment of the Court, as entered on the docket of the Court, that has not been reversed, stayed, modified, or amended, and as to which: (a) the time to appeal, seek review or rehearing or petition for certiorari under the Bankruptcy Rules has expired and no timely filed appeal or petition for review, rehearing, remand or certiorari is pending; or (b) any appeal taken or petition for certiorari filed has been resolved by the highest Court to which the order or judgment was appealed or from which certiorari was sought, provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or other rules governing procedure in cases before the Court, may be filed with respect to such order or judgment shall not cause such order or judgment not to be a Final Order.

“GECC” means General Electric Capital Corporation and its affiliates and nominees.

“GECC Liens” means the Liens, Claims and encumbrances in respect of the SIGC Project in favor of GECC or its Affiliates or nominees, including the U.S. Trust Company of California, N.A., as set forth in Schedule 4.10 to the Purchase Agreement; provided, however,

that if GECC consents to the sale of the Equity Interests in the SIGC Project Company pursuant to Section 2.1 of the Alternative Purchase Agreement, such Liens, Claims and encumbrances shall be limited solely to those in respect of the SIGC Project Company.

“GECC Secured Claims” means GECC Secured SIGC Claims and GECC Secured HGC/HFC Claims, collectively.

“GECC Secured SIGC Claims” means the Secured Claims of GECC against the SIGC Project.

“GECC Secured HGC/HFC Claims” means the Secured Claims of GECC against the HGC Project and HFC Project.

“Geothermal Business” means assets and liabilities related to the Heber Debtors’ and certain affiliates’ generation and sale of electrical output and the production and sale of geothermal fluid, including related Equity Interests and contracts and leases to which any Debtor is a party.

“Geothermal Sale” means either the sale of (i) all of the Geothermal Business to the Proposed Buyers pursuant to the Purchase Agreement or (ii) some or all of the Geothermal Business pursuant to an Alternative Transaction, without prejudice to the Proposed Buyers’ rights under the Purchase Agreement.

“Heber Debtor Contracts” means the contracts and leases to which a Heber Debtor is a party.

“Heber Debtors” has the meaning ascribed to such term on the first page of this Heber Reorganization Plan (each of the Heber Debtors is individually referred to herein as a Heber Debtor).

“Heber Intercompany Claim” means any Claims against a Heber Debtor held by another Heber Debtor.

“Heber Reorganization Plan” means this chapter 11 plan of reorganization, including without limitation, all documents referenced herein and all exhibits, supplements, appendices and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time, including any amendments in connection with an Alternative Plan.

“Heber Royalty Settled Claims” means Claims subject to the HFC Royalty Settlement.

“HFC Operator” means Covanta Geothermal Operations, Inc.

“HFC Project Company” means Heber Field Company.

“HFC Royalty Settlement” means that certain settlement agreement and forms of lease amendments among certain of the Debtors and certain of counterparties to the mineral

rights leases with respect to the resolution of certain disputed Claims, including disputed Claims concerning the calculation of royalties payable under such mineral rights in substantially the same form as attached to the Motion To Approve Compromises With Heber Field Lessors, filed on September 26, 2003 (Docket No. 2211), which motion was approved by the Court at the hearing on October 8, 2003.

“HFC Royalty Settlement Order” means the order of the Court approving the Motion to Approve Compromises With Heber Field Lessors (Docket No. 2211), as granted by the Court at the hearing on October 8, 2003.

“HFC Royalty Settlement Payments” means the amounts identified as settlement payments to be paid to or for the benefit of holders of Heber Royalty Settled Claims under the HFC Royalty Settlement.

“HGC Operator” means Covanta Imperial Power Services, Inc.

“HGC Project Company” means Heber Geothermal Company.

“Holding Companies” means SIGC One Sub, SIGC Two Sub and Amor.

“Impaired” means, when used with reference to an Allowed Claim or an Allowed Equity Interest, a Claim or Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

“Intercompany Claims” means all Claims against a Heber Debtor asserted by any of the Liquidating Debtors, Reorganizing Debtors or their non-debtor affiliates, including, without limitation, any (a) preference actions, fraudulent conveyance actions, rights of setoff and other claims or causes of action under sections 544, 547, 548, 549, 550 and 553 of the Bankruptcy Code and other applicable bankruptcy or nonbankruptcy law, (b) claims or causes of action arising out of illegal dividends or similar theories of liability, (c) claims or causes of action based on piercing the corporate veil, alter ego liability or similar legal or equitable theories of recovery arising out of the ownership or operation of any of the Heber Debtors prior to the applicable Petition Date, (d) claims or causes of action based on unjust enrichment, (e) claims or causes of action for breach of fiduciary duty, mismanagement, malfeasance or, to the extent they are claims or causes of action of any of the Heber Debtors, fraud, (f) claims or causes of action arising out of any contracts or other agreements between the Heber Debtors and any Liquidating Debtor or Reorganizing Debtor and (g) any other claims or causes of action arising out of or related in any way to the Heber Debtors’ Chapter 11 Cases, the Liquidation Plan, the Reorganization Plan or this Heber Reorganization Plan that are based on an injury that affects or affected the shareholders or creditors of any of the Liquidating Debtors, Reorganizing Debtors or Heber Debtors generally. Intercompany Claims specifically excludes any Heber Intercompany Claims.

“Lien” has the meaning set forth in section 101(37) of the Bankruptcy Code.

“Liquidating Debtors” has the meaning ascribed to such term in the Liquidation Plan (each of the Liquidating Debtors is individually referred to herein as a Liquidating Debtor).

“Liquidation Plan” means the Debtors’ Joint Plan of Liquidation Under Chapter 11 Of The Bankruptcy Code of Ogden New York Services, Inc. et al. (including all exhibits, supplements, appendices and schedules annexed thereto), dated September 8, 2003, as the same may be amended, modified or supplemented from time to time.

“New Facility Lenders” has the meaning ascribed to such term in the Reorganization Plan.

“O&M Contracts” means the contracts relating to the on-site operations and maintenance services identified on Exhibit E of this Heber Reorganization Plan (as such Exhibit may be amended at or prior to the Confirmation Hearing).

“Permitted Encumbrances” has the meaning ascribed to such term in the Alternative Transaction Purchase Agreement.

“Person” has the meaning provided in section 101(41) of the Bankruptcy Code and includes, without limitation, any individual, corporation, partnership, association, indenture trustee, organization, joint stock company, joint venture, estate, trust, governmental unit or any political subdivision thereof, the Committee, Indenture Trustee, Equity Interest holders, holders of Claims, current or former employees of any Reorganizing Debtor, or any other entity.

“Petition Date” means April 1, 2002, the date upon which the Heber Debtors filed their respective orders for relief under Chapter 11 of the Bankruptcy Code.

“Plan Documents” means the documents to be executed, delivered, assumed or performed in conjunction with the consummation of this Heber Reorganization Plan on the Effective Date, including, without limitation, the Alternative Transaction Purchase Agreement, and shall be treated as if incorporated herein.

“Prepetition Credit Agreement” means the Revolving Credit and Participation Agreement dated as of March 14, 2001, among Covanta, certain other Reorganizing Debtors, certain other Liquidating Debtors and the lenders thereunder and the Security Agreement dated as of March 14, 2001, both as they have been or may be amended, supplemented or otherwise modified from time to time.

“Priority Non-Tax Claim” means any Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than: (a) an Administrative Expense Claim or (b) a Priority Tax Claim.

“Priority Tax Claim” means any Claim of a Government Unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

“Pro Rata Class Share” means the proportion that the amount of any Claim bears to the aggregate amount of such Claim and all other Claims in the same Class entitled to Distributions of like character.

“Project Companies” means, collectively, the HGC Project Company, the SIGC Project Company and the HFC Project Company, each of which are Heber Debtors.

“Proposed Buyers” means Caithness Heber Field I, LLC, Caithness Heber Field II, LLC, Caithness Heber Geothermal I, LLC, Caithness Heber Geothermal II, LLC, Caithness Mammoth, LLC, Caithness SIGC GP, LLC and Caithness SIGC LP, LLC, which entities are parties to the Purchase Agreement.

“Purchase Agreement” means that certain Amended and Restated Ownership Interest Purchase Agreement, dated as of September 25, 2003, as it may be amended, by and among certain of the Debtor Sellers, Covanta Power Pacific, Inc., Covanta Energy Corporation, and the Proposed Buyers.

“Purchase Price” has the meaning ascribed to such term in the Alternative Transaction Purchase Agreement.

“Reorganization Plan” means the Debtors’ Joint Plan of Reorganization Under Chapter 11 Of The Bankruptcy Code of Covanta Energy Corporation, et al. (including all exhibits, supplements, appendices and schedules annexed thereto), dated September 8, 2003, as the same may be amended, modified or supplemented from time to time.

“Reorganization Plan Effective Date” has the meaning ascribed to the term “Effective Date” in the Reorganization Plan.

“Reorganized Debtor” means each Reorganizing Debtor, on or after the Reorganization Plan Effective Date.

“Reorganized Heber Debtor” means each Heber Debtor, on or after the Effective Date.

“Reorganizing Debtors” has the meaning ascribed to such term in the Reorganization Plan (each of the Reorganizing Debtors is individually referred to herein as a Reorganizing Debtor). The Heber Debtors are specifically excluded from the definition of “Reorganizing Debtors.”

“Retained Professional” means the professionals retained in these jointly administered Chapter 11 Cases by the Heber Debtors or the Committee pursuant to sections 327, 328 or 1103 of the Bankruptcy Code pursuant to Final Orders of the Court.

“Schedule of Rejected Contracts and Leases” means a schedule of the executory contracts and unexpired leases to which a particular Heber Debtor is a party that will be rejected under Article IX of this Heber Reorganization Plan, which schedule (or a relevant portion thereof) shall be filed with the Court and served on the relevant parties no less than five (5) days prior to the Confirmation Hearing and may be amended thereafter prior to the Effective Date, provided that the Heber Debtors provide notice of any such amendment to the affected counterparty to such contract or lease.

“Schedules” means the schedules of assets and liabilities and the statement of financial affairs filed with respect to the Heber Debtors as required by sections 521 and 1106(a)(2) of the Bankruptcy Code and Bankruptcy Rule 1007, as they have been or may be supplemented or amended from time to time.

“Secured Claim” means, pursuant to section 506 of the Bankruptcy Code, that portion of a Claim that is secured by a valid, perfected and enforceable security interest, lien, mortgage or other encumbrance, that is not subject to avoidance under applicable bankruptcy or non-bankruptcy law, in or upon any right, title or interest of any of the Heber Debtors in and to property of the Estates, to the extent of the value of the holder's interest in such property as of the relevant determination date. The defined term Secured Claim includes any Claim that is (i) subject to an offset right under applicable law and (ii) a secured claim against any of the Heber Debtors pursuant to sections 506(a) and 553 of the Bankruptcy Code. Such defined term shall not include for voting or Distribution purposes any such Claim that has been or will be paid in connection with the cure of defaults under an assumed executory contract or unexpired lease under section 365 of the Bankruptcy Code. A Secured Claim shall not include any portion of the Claim that exceeds that value of the interest in property of the Estate securing such Claim.

“Sellers” means the Debtor Sellers and Covanta Power Pacific, Inc.

“SIGC One Sub” means Covanta SIGC Energy, Inc.

“SIGC Operator” means Covanta SIGC Geothermal Operations, Inc.

“SIGC Project” has the meaning ascribed to such term in the Alternative Transaction Purchase Agreement.

“SIGC Project Company” means Second Imperial Geothermal Company, L.P.

“SIGC Two Sub” means Covanta SIGC Energy II, Inc.

“Specified Personnel” means any officer, director or employee of any Heber Debtor but only if and to the extent, in each case, such party served in such capacity on or after the Petition Date and prior to the Closing Date.

“Subclass” means a subclass of Claims within a particular Class.

“Substantial Contribution Claims” means the claim by any creditor or party in interest for reasonable compensation for services rendered in these Chapter 11 Cases pursuant to section 503(b)(3), (4) or (5) of the Bankruptcy Code.

“Unimpaired” means, when used with reference to a Claim or Equity Interest, a Claim or Equity Interest that is not Impaired.

“United States Trustee” means the Office of the United States Trustee for the Southern District of New York.

“United States Trustee Claims” means all United States Trustee Fees accrued through the close of the Chapter 11 Cases.

“United States Trustee Fees” means all fees and charges due from the Heber Debtors to the United States Trustee pursuant to section 1930 of Title 28 of the United States Code.

“Unsecured Claims” means any Claim against a Heber Debtor (including, without limitation, Claims arising from the rejection of executory contracts, unexpired leases) that is not a Secured Claim, Administrative Expense Claim, Priority Tax Claim, Priority Non-Tax Claim, Heber Intercompany Claim or Intercompany Claim.

“Working Capital Adjustment” means the working capital adjustment mechanism set forth in Section 2.2 of the Purchase Agreement or such similar mechanism pursuant to an Alternative Transaction.

ARTICLE II

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

2.1 Non-Classification. As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims against the Heber Debtors are not classified for the purposes of voting on or receiving Distributions under this Heber Reorganization Plan. All such Claims are instead treated separately pursuant to the terms set forth in this Article II.

2.2 Administrative Expense Claims. Except (i) to the extent that the applicable Heber Debtor and a holder of an Allowed Administrative Expense Claim agree to less favorable treatment and (ii) except for any Claims specified in Sections 2.3 and 2.4 of this Heber Reorganization Plan (which Claims so specified include but are not limited to Claims arising under the DIP Financing Facility, Substantial Contribution Claims, and Claims by Retained Professionals and Claims related to “adequate protection” ordered by the Court or provided for under the Bankruptcy Code), each Heber Debtor shall pay to each holder of an Allowed Administrative Expense Claim against such Heber Debtor, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Administrative Expense Claim, Cash in an amount equal to such Allowed Administrative Expense Claim on the Distribution Date; provided that any such liabilities not incurred in the ordinary course of business were approved and authorized by a Final Order of the Court; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by such Heber Debtor, as a debtor in possession, prior to the Closing Date, or liabilities arising under loans or advances to or other obligations incurred by such Heber Debtor, as debtor in possession, prior to the Closing Date, whether or not incurred in the ordinary course of business, shall be paid by such Heber Debtor in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions. To the extent that the Administrative Expense Claim Bar Date applies, failure to file a timely request for payment of an Administrative Expense Claim prior to the Administrative Expense Claim Bar Date shall result in the Administrative Expense Claim being forever barred and discharged. Notwithstanding anything to the contrary in this Heber Reorganization Plan, to the extent that the aggregate amount of the Allowed Administrative Expense Claims is higher than the amount of Administrative Expense Claims accounted for, without duplication, and settled as between the parties to the Alternative Transaction Purchase Agreement in the Working Capital Adjustment, Covanta shall be responsible for the payment of Allowed Administrative Expense Claims

incurred prior to the Closing Date as if such Allowed Administrative Expense Claims were allowed as administrative claims under section 503 of the Bankruptcy Code.

2.3 Compensation and Reimbursement Claims. (a) Except with respect to Substantial Contribution Claims which are subject to Section 2.3(b) herein, all (i) Retained Professionals and (ii) Persons employed by the Heber Debtors or serving as independent contractors to the Heber Debtors in connection with their reorganization efforts that are seeking an award by the Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under subsections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code shall file and serve on counsel for the Heber Debtors and Reorganized Heber Debtors (and as otherwise ordered by the Court and the Bankruptcy Code) their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred on or before the date that is fifteen (15) days after the Reorganization Plan Effective Date, subject to prior written notice to counsel to the DIP Agents. Covanta shall pay in full on the Distribution Date such Claims in such amounts as are Allowed by the Court, after notice and hearing, or upon such other less favorable terms as may be mutually agreed upon between the holder of such an Allowed Administrative Expense Claim and Covanta and, in each such case, approved by the Court after notice and hearing. Any request for payment of an Administrative Expense Claim of the type specified in this Section 2.3(a), which is not filed by the applicable deadline set forth above, shall be barred. The Heber Debtors and the Reorganized Heber Debtors shall have no liability for any Claim described in this subsection.

(b) Any Person who requests compensation or expense reimbursement for a Substantial Contribution Claim in these Chapter 11 Cases must file an application with the clerk of the Court, on or before the Administrative Expense Claim Bar Date, and serve such application on counsel for the Heber Debtors and counsel for the Reorganized Heber Debtors and as otherwise required by the Court and the Bankruptcy Code on or before such date, or be forever barred from seeking compensation or expense reimbursement for such Substantial Contribution Claim. Covanta shall pay in full on the Distribution Date Allowed Substantial Contribution Claims as ordered by the Court, after notice and hearing. The Heber Debtors and the Reorganized Heber Debtors shall have no liability for any Claim described in this subsection.

(c) All other requests for payment of an Administrative Expense Claim (other than as set forth in clauses (a) and (b) of this Section 2.3 above) that are subject to the Administrative Expense Claim Bar Date must be filed with the Court and served on counsel for the Heber Debtors and counsel for the Reorganized Heber Debtors (and as otherwise required by the Bankruptcy Code or the Court) on or before the Administrative Expense Claim Bar Date. Unless the Heber Debtors, Reorganized Heber Debtors or any other party in interest in these Chapter 11 Cases objects to an Administrative Expense Claim by the Claims Objection Deadline, such Administrative Expense Claim shall be deemed Allowed in the amount filed. In the event that the Heber Debtors, Reorganized Heber Debtors or any other party in interest permitted under the Bankruptcy Code objects to an Administrative Expense Claim, the Court shall determine the Allowed amount of such Administrative Expense Claim. Notwithstanding the foregoing, no request for payment of an Administrative Expense Claim need be filed with respect to an Administrative Expense Claim which is incurred and payable by the Heber Debtors or Reorganized Heber Debtors in the ordinary course of business prior to the Closing Date.

(d) Any holders of Administrative Expense Claims who are required to file a Claim or request for payment of such Claims or expenses and who do not file such Claims or requests by the applicable dates set forth in this Section 2.3 shall be forever barred from asserting such Claims or expenses against the Debtors, Reorganized Heber Debtors, Reorganized Debtors or any property of such entities, and from receiving any Distributions under this Heber Reorganization Plan or the Reorganization Plan with respect to such Claims. Under no circumstances will the deadlines set forth above be extended by order of the Court or otherwise.

2.4 Priority Tax Claims. (a) Heber Debtor Tax Claims. Each holder of an Allowed Priority Tax Claim for which only a Heber Debtor is liable will receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, Cash equal to the unpaid portion of such Allowed Priority Tax Claim on or as soon as practical after the later of: (i) thirty (30) days after the Effective Date, or (ii) thirty (30) days after the date on which such Priority Tax Claim becomes Allowed; provided, however, that at the option of the applicable Heber Debtor (or, on and after the Effective Date, Reorganized Heber Debtor), the applicable Reorganized Heber Debtor may pay any or all such Allowed Priority Tax Claims over a period not exceeding six (6) years after the date of assessment of such Priority Tax Claims as provided in subsection 1129(a)(9)(C) of the Bankruptcy Code. If the applicable Heber Debtor (or, on and after the Effective Date, Reorganized Heber Debtor) selects this option as to any such Allowed Priority Tax Claim, then the applicable Reorganized Heber Debtor shall make payment of simple interest on the unpaid portion of such Claim semiannually without penalty of any kind, at the statutory rate of interest provided for such taxes under applicable nonbankruptcy law, with the first interest payment due on the latest of: (i) six (6) months after the Effective Date, (ii) six (6) months after the date on which such Priority Tax Claim becomes an Allowed Claim, or (iii) such longer time as may be agreed to by the holder of such Priority Tax Claim and the applicable Heber Debtor (or, on and after the Effective Date, the Reorganized Heber Debtor).

(b) Tax Claims For Which Other Debtors Are Liable. Each holder of an Allowed Priority Tax Claim for which one or more of the Debtors in addition to a Heber Debtor is liable (including but not limited to Priority Tax Claims arising by virtue of one or more Heber Debtor's status as a member of a consolidated tax group or group under common control with one or more of the other Debtors) will receive from Covanta in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, Cash equal to the unpaid portion of such Allowed Priority Tax Claim on or as soon as practical after the later of: (i) thirty (30) days after the Reorganization Plan Effective Date, or (ii) thirty (30) days after the date on which such Priority Tax Claim becomes Allowed; provided, however, that at the option of Covanta, Covanta may pay any or all such Allowed Priority Tax Claims over a period not exceeding six (6) years after the date of assessment of such Priority Tax Claims as provided in subsection 1129(a)(9)(C) of the Bankruptcy Code. If Covanta selects this option as to any such Allowed Priority Tax Claim, then Covanta shall make payment of simple interest on the unpaid portion of such Claim semiannually without penalty of any kind, at the statutory rate of interest provided for such taxes under applicable nonbankruptcy law, with the first interest payment due on the latest of: (i) six (6) months after the Reorganization Plan Effective Date, (ii) six (6) months after the date on which such Priority Tax Claim becomes an Allowed Claim, or (iii) such longer time as may be agreed to by the holder of such Priority Tax Claim and Covanta.

(c) Notwithstanding any of the foregoing, Covanta shall be solely liable with respect to any Allowed Priority Tax Claims to the extent provided in Section 13.2 of the Alternative Transaction Purchase Agreement.

2.5 DIP Financing Facility Claims. (a) Subject to the consent of the requisite DIP Lenders, on the Effective Date, regardless of the amounts outstanding under the DIP Financing Facility, the DIP Financing Facility shall terminate with respect to the Heber Debtors and the DIP Lenders shall release the Heber Debtors from any claims thereunder and security interests granted in support of the DIP Financing Facility over Equity Interests in, and assets of, the Heber Debtors; provided, however, (i) if the Effective Date occurs prior to the Reorganization Plan Effective Date, all Cash and non-Cash proceeds from the Geothermal Sale (whether from the Purchase Agreement or from an Alternative Transaction) that Covanta, any of the other Debtors or non-Debtor subsidiaries receive or have an interest in upon Closing of such sale or from time to time thereafter shall be subject to (x) the valid, perfected non-voidable first priority, senior priming liens of the DIP Agents, for the sole and exclusive benefit of the DIP Lenders (such liens not being junior or subject to any other liens, claims or interests) pursuant to section 364(d) of the Bankruptcy Code and (y) the superpriority administrative claims of the DIP Agents and the DIP Lenders, in each case without further action by any party or further order of the Court, (ii) if the Effective Date occurs on or after the Reorganization Plan Effective Date, all Cash and non-Cash proceeds from the Geothermal Sale (whether from the Purchase Agreement or from an Alternative Transaction) that Covanta, any of the other Reorganized Debtors, Liquidating Debtors or non-Debtor subsidiaries receive or have an interest in upon Closing of such sale or from time to time thereafter shall be subject to distribution as agreed to by the DIP Lenders and set forth in the Reorganization Plan and the Liquidation Plan and (iii) except with respect to the release of Claims and Liens against the Heber Debtors as provided for herein, nothing in this Heber Reorganization Plan shall modify the rights, remedies and privileges of the DIP Agents and the DIP Lenders under the DIP Financing Facility, the Reorganization Plan or applicable law.

(b) Any consent with respect to this Heber Reorganization Plan or the failure to object to any provision hereof shall not prejudice the right of the DIP Lenders or the DIP Agents to not vote in favor of (or consent to) the Reorganization Plan or object to any provision thereof, all of which rights are hereby preserved.

ARTICLE III

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

3.1 General Rules of Classification. This Heber Reorganization Plan constitutes a joint reorganization plan of the Heber Debtors. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims, as described in Article II, have not been classified and thus are excluded from the Classes described below. The classification of Claims and Equity Interests and implementation of the settlements set forth below shall be applicable for all purposes, including voting, confirmation, and distribution pursuant to the Heber Reorganization Plan. As to each Heber Debtor, a Claim or Equity Interest shall be deemed classified in a particular Class or Subclass only to the extent that the Claim or Equity Interest qualifies within the description of that Class or Subclass and shall be deemed

classified in a different Class or Subclass to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such different Class or Subclass. A Claim or Equity Interest is in a particular Class or Subclass only to the extent that such Claim or Equity Interest is Allowed in that Class or Subclass and has not been paid or otherwise settled prior to the Effective Date.

ARTICLE IV

TREATMENT OF CLAIMS AND EQUITY INTERESTS

The following is a designation of the treatment to be accorded, with respect to each Heber Debtor, to each Class of Claims and Equity Interests denominated in this Heber Reorganization Plan.

As to each Heber Debtor, the treatment of and consideration to be provided on account of Claims and Equity Interests pursuant to the Heber Reorganization Plan shall be in full settlement, release and discharge of such Claims and Equity Interests; provided, however, that such discharge shall not affect the liability of any other entity to, or the property of any other entity encumbered to secure payment to, the holder of any such Claim or Equity Interest, except as otherwise provided in the Heber Reorganization Plan; and provided, further, that such discharge shall not encompass the Heber Debtors' obligations under this Heber Reorganization Plan.

No Claim shall entitle the holder thereof to any Distribution pursuant to this Heber Reorganization Plan unless, and only to the extent that, such Claim is an Allowed Claim. All Distributions on account of Allowed Claims shall be made on the applicable Distribution Date.

4.1 Class 1 – Allowed Priority Non-Tax Claims.

a. *Classification:* Class 1 consists of all Allowed Priority Non-Tax Claims.

b. *Treatment:* Each holder of an Allowed Class 1 Claim shall receive, in full settlement, release and discharge of its Class 1 Claim, either (i) Cash, on the Distribution Date, in an amount equal to such Allowed Claim, or (ii) such other less favorable terms as Covanta and the holder of an Allowed Priority Non-Tax Claim agree; provided, however, that no agreement under subsection (ii) above shall impose any obligation upon the Reorganized Heber Debtors beyond the payment of amounts calculated in accordance with the Working Capital Adjustment.

c. *Voting:* Class 1 Claims are Unimpaired, and the holders of Allowed Class 1 Claims are not entitled to vote to accept or reject the Heber Reorganization Plan.

4.2 Class 2H – Allowed GECC Secured Claims.

a. *Classification:* Class 2H consists of all Allowed GECC Secured Claims. Class 2H is divided into two Subclasses for Distribution purposes: Subclass 2H-A consists of all Allowed GECC Secured SIGC Claims and Subclass 2H-B consists of all Allowed GECC Secured HGC/HFC Claims.

b. *Treatment:* The holder of the Allowed Subclass 2H-A Claims shall retain, unaltered, the legal, equitable and contractual rights, including, without limitation, any valid and perfected Liens that secure such Allowed Claim, provided, however, that the assets of the Heber Debtors subject to the GECC Liens may be sold, subject to such GECC Liens, as part of the Geothermal Sale contemplated by this Heber Reorganization Plan; provided, further, if GECC consents to the sale of the Equity Interests in SIGC Project Company pursuant to Section 2.1 of the Alternative Transaction Purchase Agreement, the holder of Allowed Subclass 2H-A Claims shall release any and all Liens, Claims and encumbrances in the Equity Interests and assets of SIGC One Sub, SIGC Two Sub, Amor and any other Debtors (other than SIGC Project Company).

Covanta shall pay to each holder of an Allowed Subclass 2H-B Claim, in full settlement, release and discharge of its Subclass 2H-B Claim, either (i) Cash, on the Effective Date, in an amount equal to such Allowed Subclass 2H-B Claim, or (ii) such other less favorable terms as Covanta and the holder of an Allowed GECC Secured HGC/HFC Claim agree provided, however, that no agreement under subsection (ii) above shall impose any obligation upon the Reorganized Heber Debtors beyond the payment of amounts calculated in accordance with the Working Capital Adjustment.

c. *Voting:* Class 2H Claims are Unimpaired, and the holder of the Allowed Class 2H Claims is not entitled to vote to accept or reject the Heber Reorganization Plan.

4.3 Class 3H – Allowed Heber Secured Claims.

a. *Classification:* Class 3H consists of all Allowed Secured Claims other than Allowed GECC Secured Claims.

b. *Treatment:* On the Effective Date, the legal, equitable and contractual rights of the holders of Allowed Class 3H Claims will be reinstated in full satisfaction, release and discharge of their respective Class 3H Claims and will remain unaltered, except as the relevant Heber Debtor (or, on or after the Effective Date, Reorganized Heber Debtor) and the holders of Allowed Class 3H Claims may otherwise agree or as such holders may otherwise consent. Notwithstanding the foregoing, no contractual provisions or applicable law that would entitle the holder of an Allowed Class 3H Claim to demand or receive payment of such Claim prior to the stated maturity of such Claim, terminate any contractual relationship or take such other enforcement action (as may be applicable) from and after the occurrence of a default that occurred prior to the Effective Date shall be enforceable against the Reorganized Heber Debtors. In lieu of the foregoing, any Heber Debtor (or, on or after the Effective Date, Reorganized Heber Debtor) may, at its election, make a Cash payment to the holder of an Allowed Class 3H Claim equal to the full amount of the holder's Allowed Class 3H Claim, together with interest at the legal rate to the extent required by law, in full settlement, release and discharge of such Class 3H Claim.

c. *Voting:* Class 3H Claims are Unimpaired, and holders of Allowed Class 3H Claims are not entitled to vote to accept or reject the Heber Reorganization Plan.

4.4 [Intentionally Omitted.]

4.5 [Intentionally Omitted.]

4.6 [Intentionally Omitted.]

4.7 Class 7 – Allowed Unsecured Claims.

a. *Classification:* Class 7 consists of all Allowed Unsecured Claims.

b. *Treatment:* On the Distribution Date, each holder of an Allowed Class 7 Claim shall receive, in full settlement, release and discharge of its Class 7 Claim, a Cash payment equal to the full amount of its Allowed Class 7 Claim, together with interest at the legal rate to the extent required by law.

c. *Voting:* Class 7 Claims are Unimpaired and the holders Allowed Class 7 Claims are not entitled to vote to accept or reject this Heber Reorganization Plan.

4.8 Class 8 – Heber Intercompany Claims

a. *Classification:* Class 8 consists of all Heber Intercompany Claims.

b. *Treatment:* The legal, equitable and contractual rights of holders of Heber Intercompany Claims in respect of such claim shall not be affected, altered or Impaired under this Heber Reorganization Plan.

c. *Voting:* Class 8 Claims are Unimpaired and the holders Allowed Class 8 Claims are not entitled to vote to accept or reject this Heber Reorganization Plan.

4.9 Class 9 – Intercompany Claims.

a. *Classification:* Class 9 consists of all Intercompany Claims.

b. *Treatment:* On the Effective Date, all Intercompany Claims shall be cancelled, annulled and extinguished. Holders of such Claims shall receive no Distributions in respect of Class 9 Claims.

c. *Voting:* Class 9 Claims are Impaired, and the holders of Allowed Class 9 Claims are conclusively presumed to reject the Heber Reorganization Plan. The votes of the holders of Allowed Class 9 Claims will not be solicited.

4.10 [Intentionally Omitted.]

4.11 [Intentionally Omitted.]

4.12 [Intentionally Omitted.]

4.13 [Intentionally Omitted.]

4.14 Class 14 – Equity Interests in Heber Debtors.

a. *Classification:* Class 14 consists of all Equity Interests in the Heber Debtors.

b. *Treatment:* Holders of Allowed Class 14 Equity Interests shall not receive any Distribution under this Heber Reorganization Plan in respect of Class 14 Equity Interests. Class 14 Equity Interests, upon the Effective Date, shall continue to be held by one or more of the Reorganized Heber Debtors or Debtor Sellers, as the case may be, with such Equity Interests held by the Debtor Sellers to be transferred by the Debtor Sellers to the Buyers at the Closing pursuant to the terms of the Alternative Transaction Purchase Agreement.

c. *Voting:* Class 14 Equity Interests are Impaired, and the holders of Allowed Class 14 Equity Interests are conclusively presumed to reject this Heber Reorganization Plan. The votes of holders of Allowed Class 14 Equity Interests will not be solicited.

ARTICLE V

ACCEPTANCE OR REJECTION OF THE REORGANIZATION PLAN

5.1 Presumed Acceptance of Plan. Holders of Claims in Classes 1, 2H, 7 and 8 are Unimpaired by this Heber Reorganization Plan. In accordance with section 1126 of the Bankruptcy Code, holders of Allowed Claims in such Classes are conclusively presumed to accept this Heber Reorganization Plan and the votes of holders of such Claims will not be solicited.

5.2 Presumed Rejection of Plan. Holders of Claims and Equity Interests in Classes 9 and 14 are Impaired and are not entitled to receive any Distribution under this Heber Reorganization Plan on account of such Claims or Equity Interests. In accordance with section 1126 of the Bankruptcy Code, holders of Allowed Claims and Equity Interests in such Classes are conclusively presumed to reject this Heber Reorganization Plan and are not entitled to vote. As such, the votes of such holders will not be solicited with respect to such Claims and Equity Interests.

5.3 Cramdown. The Heber Debtors hereby (a) request that the Court confirm the Heber Reorganization Plan in accordance with section 1129(b) of the Bankruptcy Code or (b) modify, alter or amend this Heber Reorganization Plan to provide treatment sufficient to assure that this Heber Reorganization Plan does not discriminate unfairly, and is fair and equitable, with respect to the Class or Classes not accepting this Heber Reorganization Plan, and, in particular, the treatment necessary to meet the requirements of subsections 1129(a) or (b) of the Bankruptcy Code with respect to the rejecting Classes and any other Classes affected by such modifications.

ARTICLE VI

MEANS FOR IMPLEMENTATION

6.1 Implementation of the Geothermal Sale. The implementation of this Heber Reorganization Plan is predicated upon the approval by the Court of the Geothermal Sale, and the consummation thereof hereunder. The terms and conditions of the Geothermal Sale and the Alternative Transaction Purchase Agreement are incorporated herein and shall be deemed to

constitute part of this Heber Reorganization Plan for all purposes. The following description of the Geothermal Sale and summary of the Alternative Transaction Purchase Agreement is qualified in its entirety by the terms thereof.

(a) The Alternative Transaction Purchase Agreement provides for a base Purchase Price of \$214,000,000, which amount is subject to adjustment as provided in the Alternative Transaction Purchase Agreement.

(b) The Alternative Transaction Purchase Agreement provides for the sale of the Equity Interests, which corresponds to all of the respective ownership interests of the Debtor Sellers in the Heber Debtors. Subject to the terms of the Confirmation Order and conditions of Section 2.1 of the Alternative Transaction Purchase Agreement, if the Buyers obtain the consent of and release from GECC, the Buyers may directly acquire the Equity Interests in the SIGC Project Company rather than the Equity Interests in SIGC One Sub and SIGC Two Sub.

(c) As a condition to Closing, the Debtors must receive Court approval of, among other things, the (i) sale of the Geothermal Business as contemplated by the Alternative Transaction Purchase Agreement and (ii) assumption and/or assignment by the respective Heber Debtors and other Debtors of the contracts set forth in Schedules 3.3(a), 3.3(b) and 3.3(c) to the Alternative Transaction Purchase Agreement and Exhibits B, C and D hereto, including the O&M Contracts, by the relevant Debtors to the Buyers. In addition, the Debtors shall have received formal approval of the DIP Lenders, consenting to the consummation of the transactions contemplated in the Purchase Agreement and releasing security interests granted to them pursuant to the DIP Security Agreement.

(d) Among other things, at the Closing, the following events shall occur:

(i) Except as provided for in Section 2.1 of the Alternative Transaction Purchase Agreement, the Debtor Sellers shall sell, convey, assign, transfer and deliver their respective Equity Interests in SIGC One Sub, SIGC Two Sub, HFC Project Company and HGC Project Company to the Buyers as provided in the Alternative Transaction Purchase Agreement, which Equity Interests shall continue to be evidenced by the existing Equity Interests;

(ii) Equity Interests in Amor and SIGC Project Company shall be held by the Heber Debtor that originally held such Equity Interests, which Equity Interests shall continue to be evidenced by the existing Equity Interests;

(iii) Buyers shall deliver to the Sellers an amount that, together with the Deposit, equals the Purchase Price, by wire transfer of immediately available funds to an account designated by the Sellers;

(iv) the Heber Debtors will assume all executory contracts and unexpired leases relating to the Geothermal Business to which they are parties (except for contracts previously assumed), which contracts and leases will be transferred to the Buyers through their acquisition of the ownership interests in the Heber Debtors.

(v) Certain of the Debtor Sellers and certain of the Debtor Operators will assume and assign certain contracts relating to the Geothermal Business to the Buyers. The Debtor Operators will assign their previously assumed O&M Contracts to the Buyers.

(vi) To the extent not already paid, Covanta shall cause all undisputed Cure Amounts and HFC Settlement Payments to be paid to holder of such Claims.

6.2 Authorization of Transfer of Equity Interests. On the Effective Date, the Debtor Sellers are authorized to sell, convey, assign, transfer and deliver their respective Equity Interests in SIGC One Sub, SIGC Two Sub, HFC Project Company and HGC Project Company without the need for further corporate action, and in accordance with the Alternative Transaction Purchase Agreement. Furthermore, Amor and SIGC Project Company shall be authorized to, and shall reinstate, their respective Equity Interests. To the extent Buyers directly acquire the Equity Interests in the SIGC Project Company rather than the Equity Interests in SIGC One Sub and SIGC Two Sub in accordance with Section 2.1 of the Alternative Transaction Purchase Agreement, SIGC Two Sub and Amor shall be authorized to sell, convey, assign, transfer and deliver their respective Equity Interests in the SIGC Project Company without the need for further corporate action, and in accordance with the Alternative Transaction Purchase Agreement.

6.3 Cancellation of Existing Securities and Agreements. Except for purposes of evidencing a right to Distributions under this Heber Reorganization Plan or as otherwise provided hereunder, on the Effective Date, all the agreements and other documents evidencing (i) any Claims or rights of any holder of a Claim against the applicable Heber Debtor, including all indentures and notes evidencing such Claims and (ii) any options or warrants to purchase Equity Interests, obligating the applicable Heber Debtor to issue, transfer or sell Equity Interests or any other capital stock of the applicable Heber Debtor, shall be cancelled without the need for further action; provided, however, that notwithstanding the foregoing, the Reorganized Heber Debtors shall remain obligated with respect to the GECC Liens and Permitted Encumbrances in property of the Reorganized Heber Debtors, except to the extent such obligations have been satisfied as of the Effective Date.

6.4 Board of Directors and Executive Officers. Each of the directors and/or officers of each of the Heber Debtors shall resign their positions on or prior to the Effective Date. At or before the Confirmation Hearing, Buyers shall comply with the applicable provisions of section 1129(a)(5) of the Bankruptcy Code.

6.5 Deemed Consolidation of Heber Debtors for Plan Purposes Only. Subject to the occurrence of the Effective Date, the Reorganized Heber Debtors shall be deemed consolidated solely for the following purposes under the Heber Reorganization Plan: (i) as provided with respect to Class 14 Equity Interests, no Distributions shall be made under the Heber Reorganization Plan on account of Equity Interests in Amor and SIGC Project Company; and (ii) in some instances, Claims against more than one Heber Debtor have been grouped together into a single Class of Claims for distribution purposes.

Such deemed consolidation, however, shall not affect: (i) the legal and organizational structure of the Reorganized Heber Debtors; (ii) the ownership interest of any

Heber Debtor in any other Heber Debtor; and (iii) pre and post-Petition Date guarantees, Liens and security interests that are required to be maintained (a) in connection with executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed or (b) pursuant to this Heber Reorganization Plan or the instruments and documents issued in connection herewith.

6.6 Continued Corporate Existence; Vesting of Assets in the Reorganized Heber Debtors and Corporate Restructuring. Each of the Heber Debtors shall, as a Reorganized Heber Debtor, continue to exist after the Effective Date as a separate legal entity, with all powers of a corporation or general or limited partnership, as the case may be, under the laws of their respective states of incorporation or organization and without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) under such applicable state law. The Reorganized Heber Debtors shall be revested with their assets as provided in Section 11.1 of this Heber Reorganization Plan, subject to the GECC Liens and Permitted Encumbrances.

6.7 [Intentionally Omitted.]

6.8 Amended Organizational Documents. On the Effective Date, the Reorganized Heber Debtors are authorized to, and shall, without the need for any further corporate action, adopt and, as applicable, file their respective amended organizational documents with the applicable Secretary of State. The amended organizational documents shall prohibit the issuance of nonvoting equity securities, as required by sections 1123(a) and (b) of the Bankruptcy Code, subject to further amendment as permitted by applicable law.

6.9 Settlements. Except to the extent the Court has entered a separate order providing for such approval, the Confirmation Order shall constitute an order (a) approving as a compromise and settlement pursuant to section 1123(b)(3)(A) of the Bankruptcy Code and Bankruptcy Rule 9019, any settlement agreements entered into by any Heber Debtor or any other Person as contemplated in confirmation of this Heber Reorganization Plan, and (b) authorizing the Heber Debtors' execution and delivery of all settlement agreements entered into or to be entered into by any Heber Debtor or any other Person as contemplated by this Heber Reorganization Plan and all related agreements, instruments or documents to which any Heber Debtor is a party.

6.10 Payment of GECC Secured HGC/HFC Claims. On or prior to the Effective Date, the Debtor Sellers and Covanta shall have paid all GECC Secured HGC/HFC Claims.

6.11 Payment of Covanta Power Pacific, Inc. Debt. On or prior to the Closing Date, Covanta shall have repaid all amounts outstanding under the Loan Agreement, dated as of April 10, 1998, among Ogden Power Pacific, Inc. and Bayerische Vereinsbank, AG, New York Branch and the lenders referred to therein, as amended.

ARTICLE VII

DISTRIBUTIONS

7.1 Distribution Record Date. As of the close of business on the Distribution Record Date, the applicable Heber Debtors' books and records for each of the Classes of Claims or Equity Interests as maintained by such Heber Debtor or its respective agent, shall be deemed closed, and there shall be no further changes in the record holders of any of the Claims or Equity Interests. The applicable Heber Debtor shall have no obligation to recognize any transfer of Claims or Equity Interests occurring on or after the applicable Distribution Record Date. The applicable Heber Debtor shall be entitled to recognize and deal for all purposes hereunder only with those record holders stated in the books and records of the applicable Heber Debtor or its respective agent, as of the close of business on the Distribution Record Date, to the extent applicable.

7.2 Date of Distributions. Unless otherwise provided herein, any Distributions and deliveries to be made hereunder shall be made on the Effective Date or as soon thereafter as is practicable. In the event that any payment or act under this Heber Reorganization Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the initial due date.

7.3 Manner of Payment Under Plan. All Distributions of Cash to the holders of Allowed Claims against each of the Heber Debtors under this Heber Reorganization Plan shall be made as provided in this Heber Reorganization Plan and shall be accounted for and adjusted between the parties to the Alternative Transaction Purchase Agreement as and to the extent contemplated in accordance with the applicable terms of the Working Capital Adjustment. Any Cash payments may be accomplished by a check or wire transfer or as otherwise required or provided in applicable agreements.

7.4 Inquiries Concerning Distributions. Following the Effective Date, requests for payment of Distributions, or inquiries with respect thereto, shall be directed in the first instance to the Reorganized Heber Debtors. The Reorganized Heber Debtors shall promptly inform Covanta of any such requests or inquiries that relate to payments for which Covanta may be responsible.

7.5 Surrender of Instruments. As a condition to receiving any Distribution under this Heber Reorganization Plan, each holder of an Allowed Claim represented by a certificated instrument or note must surrender such instrument or note held by it to the applicable Reorganized Heber Debtor or its designee at least ten (10) Business Days prior to the Effective Date, unless such certificated instrument or note is being reinstated or being left unimpaired under this Heber Reorganization Plan. Any entity that is so required to surrender such instrument or note that fails to (i) surrender such instrument or note or (ii) execute and deliver an affidavit of loss and/or indemnity reasonably satisfactory to the applicable Reorganized Heber Debtor or furnish a bond in form, substance and amount reasonably satisfactory to the applicable Reorganized Heber Debtor before the first anniversary of the Effective Date, shall be deemed to have forfeited all rights and Claims and may not participate in any Distribution under this Heber

Reorganization Plan in respect of such Claim. Any other holder of an Allowed Claim who fails to take such action as reasonably required by the Reorganized Heber Debtor or its designee to receive its Distribution hereunder before the first anniversary of the Effective Date, or such earlier time as otherwise provided for in this Heber Reorganization Plan, may not participate in any Distribution under this Heber Reorganization Plan in respect of such Claim. Any Distribution forfeited hereunder shall become property of the Reorganized Heber Debtors. Upon the Effective Date, the GECC Liens with respect to the Equity Interests in SIGC One Sub, SIGC Two Sub, Amor and SIGC Project Company shall be deemed transferred to the Equity Interests in such entities without further corporate action, in accordance with the terms of the Alternative Transaction Purchase Agreement.

7.6 Delivery of Distributions. Distributions to holders of Allowed Claims shall be made at the Distribution Address. If any holder's Distribution is returned as undeliverable, no further Distributions to such holder shall be made unless and until Covanta is notified of such holder's then current address, at which time all missed Distributions shall be made to such holder without interest on or before one hundred and twenty (120) days after the date such undeliverable Distribution was initially made. After such date, all unclaimed property shall be used to satisfy the costs of administering and fully consummating this Heber Reorganization Plan or become property of the applicable Reorganized Heber Debtor, and the holder of any such Claim shall not be entitled to any other or further distribution under this Heber Reorganization Plan on account of such Claim.

7.7 Exemption from Securities Laws. The issuance or transfer of any securities pursuant to this Heber Reorganization Plan shall be exempt from any securities laws registration requirements to the fullest extent permitted by section 1145(a)(1)(A) of the Bankruptcy Code and section (3)(a)(7) of the Securities Act of 1933.

7.8 Setoffs. Each Heber Debtor may, in accordance with the provisions of the Heber Reorganization Plan, section 553 of the Bankruptcy Code and applicable non-bankruptcy law, set off against any Allowed Claim and the Distributions to be made pursuant to this Heber Reorganization Plan on account of such Allowed Claim (before any Distribution is made on account of such Allowed Claim), the Claims, rights and causes of action of any nature that such Heber Debtor may hold against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the applicable Heber Debtor of any such Claims, rights and causes of action that the applicable Heber Debtor may possess against such holder; and provided, further that any Claims of each Heber Debtor arising before the Petition Date shall only be setoff against Claims against such Heber Debtor arising before the Petition Date.

7.9 Allocation of Plan Distribution Between Principal and Interest. All Distributions in respect of any Allowed Claim shall be allocated first to the principal amount of such Allowed Claim, as determined for federal income tax purposes, and thereafter, to the remaining portion of such Allowed Claim, if any.

7.10 Withholding and Reporting Requirements. In connection with this Heber Reorganization Plan and all instruments issued in connection therewith and distributed thereon, any party making disbursements hereunder shall comply with all applicable withholding and

reporting requirements imposed by any federal, state or local taxing authority, and all distributions under this Heber Reorganization Plan shall be subject to any such withholding or reporting requirements.

7.11 Time Bar to Cash Payments. Checks issued in respect of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the party issuing such check by the holder of the Allowed Claim to whom such check originally was issued. Any Claim in respect of such voided check shall be made on or before thirty (30) days after the expiration of the sixty (60) day period following the date of issuance of such check. After such date, all funds held on account of such voided check may be used to satisfy the costs of administering and fully consummating this Heber Reorganization Plan and shall be subject to the applicable provisions of the Working Capital Adjustment, and the holder of any such Allowed Claim shall not be entitled to any other or further Distribution under this Heber Reorganization Plan on account of such Allowed Claim.

7.12 Closing of Chapter 11 Cases. As to each Heber Debtor, when substantially all Disputed Claims have become Allowed Claims or have been disallowed by Final Order, and all Distributions in respect of Allowed Claims have been made in accordance with this Heber Reorganization Plan, or at such earlier time as the Reorganized Heber Debtors deem appropriate, the Reorganized Heber Debtors shall seek authority from the Court to close their respective Chapter 11 Cases in accordance with the Bankruptcy Code and the Bankruptcy Rules.

ARTICLE VIII

PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

8.1 No Distribution Pending Allowance. Notwithstanding any other provision of this Heber Reorganization Plan, no Cash shall be distributed under this Heber Reorganization Plan on account of any Disputed Claim, unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

8.2 Resolution of Disputed Claims and Equity Interests.

(a) Unless otherwise ordered by the Court after notice and a hearing, the Heber Debtors, Reorganized Heber Debtors and Covanta shall have the exclusive right to make and file objections to Claims (other than Administrative Expense Claims) and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than one hundred and twenty (120) days after the Effective Date; provided, however, that such one hundred and twenty (120) day period may be automatically extended by the Reorganized Heber Debtors, without any further application to, or approval by, the Court, for up to an additional thirty (30) days. The foregoing deadlines for filing objections to Claims shall not apply to Claims for tort damages and, accordingly, no such deadline shall be imposed by this Heber Reorganization Plan. Notwithstanding any authority to the contrary, an objection to a Claim shall be deemed properly served on the holder thereof if service is affected in any of the following manners: (i) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Bankruptcy Rule 7004; (ii) by first

class mail, postage prepaid, on the signatory on the proof of claim or interest or other representative identified in the proof of claim or interest or any attachment thereto; or (iii) by first class mail, postage, on any counsel that has appeared on the holder's behalf in the Chapter 11 Cases.

(b) Except with respect to Administrative Expense Claims as to which the Administrative Expense Claim Bar Date does not apply, Administrative Expense Claims must be filed with the Court and served on counsel for the Heber Debtors and Buyers on or before the Administrative Expense Claim Bar Date. The Heber Debtors, Reorganized Heber Debtors, Covanta or the United States Trustee may make and file objections to any such Administrative Expense Claim and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than one hundred and eighty (180) days after the Effective Date. In the event that any such objection is filed, the Court shall determine the Allowed amount of any such Administrative Expense Claim.

8.3 Estimation of Claims and Equity Interests. The Heber Debtors, Reorganized Heber Debtors or Covanta may at any time request that the Court estimate any contingent, unliquidated or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether such requester has previously objected to such Claim or whether the Court has ruled on any such objection, and the Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim. In the event that the Court estimates any Disputed Claim, that estimated amount may constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Court. If the estimated amount constitutes a maximum limitation on such Claim, the Heber Debtors, Reorganized Heber Debtors or Covanta, as the case may be, may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another.

8.4 Reserve Account for Disputed Claims. Following the Effective Date, Covanta shall hold in one or more Disputed Claims Reserves, for each Class in which there are any Disputed Claims, Cash in an aggregate amount sufficient to pay to each holder of a Disputed Claim the amount of Cash that such holder would have been entitled to receive pro rata under this Heber Reorganization Plan if such Claim had been an Allowed Claim in such Class. Cash withheld and reserved for payments to holders of Disputed Claims in any Class shall be held and deposited in one or more segregated interest-bearing reserve accounts for each Class of Claims in which there are Disputed Claims entitled to receive Cash, to be used to satisfy the Disputed Claims if and when such Disputed Claims become Allowed Claims.

8.5 Allowance of Disputed Claims. With respect to any Disputed Claim that is subsequently deemed Allowed, on the Distribution Date for any such Claim, Covanta shall distribute from the Disputed Claims Reserve Account corresponding to the Class in which such Claim is classified to the holder of such Allowed Claim the amount of Cash that such holder would have been entitled to recover pro rata under this Heber Reorganization Plan if such Claim had been an Allowed Claim on the Effective Date, together with such claimholder's Pro Rata Class Share of net interest, if any, on such Allowed Claim. For purposes of the immediately preceding sentence, such holder's Pro Rata Class Share of net interest shall be calculated by

multiplying the amount of interest on deposit in the applicable Disputed Claims Reserve account on the date immediately preceding the date on which such Allowed Claim is to be paid by a fraction, the numerator of which shall equal the amount of such Allowed Claim and the denominator of which shall equal the amount of all Claims for which deposits are being held in the applicable Disputed Claims Reserve account on the date immediately preceding the date on which such Allowed Claim is to be paid.

8.6 Release of Funds from Disputed Claims Reserve. If at any time or from time to time after the Effective Date, there shall be Cash in a Disputed Claims Reserve account in an amount in excess of the maximum remaining payment obligations to the then existing holders of Disputed Claims in the Class of Claims corresponding to such Disputed Claims Reserve account under this Heber Reorganization Plan, such excess funds, and the Pro Rata Class Share of net interest in respect thereof, shall become property of Covanta.

8.7 Cure Amounts with respect to Executory Contracts or Unexpired Leases. Disputes concerning cure amounts arising from executory contracts or unexpired leases assumed by the Heber Debtors shall be governed by Sections 9.3 and 9.9 of this Heber Reorganization Plan.

ARTICLE IX

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.1 Heber Debtor Contracts. Except for any contract or lease that (a) has been previously assumed or rejected pursuant to a Final Order of the Court, (b) is specifically designated as a contract or lease on the Schedule of Rejected Contracts and Leases, or (c) is the subject of a separate motion to assume or reject filed under section 365 of the Bankruptcy Code by one of the Debtors on or prior to the Confirmation Hearing, upon the Effective Date, all Heber Debtor Contracts, including the Heber Debtor Contracts identified on Exhibit B attached hereto and the mineral rights leases and related agreements identified on Exhibit C attached hereto, shall be deemed assumed by the Heber Debtor that is a party to such Heber Debtor Contract; provided, however, that to the extent the Buyers directly acquire the Equity Interests in the SIGC Project Company rather than the Equity Interests in SIGC One Sub and SIGC Two Sub in accordance with Section 2.1 of the Alternative Transaction Purchase Agreement, any Heber Debtor Contracts to which a Holding Company is a party will be assumed by the relevant Heber Debtor and assigned to the SIGC Project Company. Any affiliate of a Heber Debtor that is a party to a Heber Debtor Contract shall assume such Heber Debtor Contract and assign its rights and obligations under such Heber Debtor Contract to Buyers at Closing, provided that such Heber Debtor Contract is assumed pursuant to this Heber Reorganization Plan. The listing of a document on Exhibits B or C hereto shall not constitute an admission that such document is an executory contract or unexpired lease or that the Heber Debtors have any liability thereunder. The Heber Debtors may amend, with the consent of Buyers, Exhibits B or C to add or delete any contract or lease at or prior to the Confirmation Hearing. Additionally, upon the Effective Date, the Heber Debtor Contracts identified on Exhibit F hereto, which previously have been assumed by Final Order of the Court, shall be transferred through the transfer of Equity Interests to the applicable Buyer pursuant the terms of the Alternative Transaction Purchase Agreement.

9.2 Additional Contracts. Certain of the Debtor Sellers, certain of the Debtor Operators, and certain other Debtors are also parties, along with the Heber Debtors, to certain of the Heber Debtor Contracts or parties to various other contracts relating to the Geothermal Business. Such Additional Contracts are identified on Exhibit D attached hereto. In accordance with section 365(f) of the Bankruptcy Code, upon the Effective Date, the Additional Contracts shall be assumed by the relevant Debtors and assigned to the applicable Buyer pursuant to the terms of the Alternative Transaction Purchase Agreement. In addition, upon the Effective Date, the Debtor Operators shall assign to Buyers the O&M Contracts identified on Exhibit E. The listing of a document on Exhibits D or E hereto shall not constitute an admission that such document is an executory contract or unexpired lease or that the Heber Debtors have any liability thereunder. The Heber Debtors may amend, with the consent of Buyers, Exhibits D or E to add or delete any contract or lease at or prior to the Confirmation Hearing.

9.3 Cure of Defaults. Exhibits B, C, D and E hereto set forth the Cure Amounts determined by the Heber Debtors and the Debtors, based upon a review of their books and records and the relevant documents, necessary to cure any and all defaults existing under each of the contracts identified therein pursuant to section 365(b) of the Bankruptcy Code. The Cure Amounts shall be final and binding on parties identified on Exhibits B, C, D and E hereto (or their successors and assigns) and shall not be subject to further dispute or audit based on performance prior to the time of assumption, irrespective of whether such assumed executory contract or unexpired lease contains an audit clause; provided, however, that the terms of the HFC Royalty Settlement Order shall control the Cure Amounts owed to parties to the HFC Royalty Settlement, including Cure Amounts fixed in additional settlement agreements contemplated and authorized by such Order. The holders of Heber Royalty Settled Claims shall be entitled to receive both the Cure Amounts and the HFC Royalty Settlement Payments.

9.4 Objections. Any objection to (i) assumption, assignment or rejection of the contracts or leases pursuant to this Heber Reorganization Plan or (ii) Cure Amounts must be in writing, shall state with particularity the reasons for the objection or response, and shall be filed with the Court and served upon co-counsel to the Debtors, Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York 10006, Attention: James L. Bromley, Esq., and Jenner & Block LLC, One IBM Plaza, Chicago, Illinois 60611, Attention: Vincent E. Lazar, Esq., so as to be filed and received by 4:00 p.m. (Prevailing Eastern Time) on or before seven (7) days prior to the Confirmation Hearing. Only those objections that have been timely filed and served may be considered by the Court at the Confirmation Hearing. Any objection as to Cure Amounts must state with specificity the Cure Amount the objecting party believes is required and provide appropriate documentation in support thereof. If no objection to a particular Cure Amount is timely received, the Cure Amount set forth on Exhibits B, C, D or E shall be controlling notwithstanding anything to the contrary in any such contract or lease, and the counterparty thereto shall be forever barred from asserting any other claim arising prior to the assumption or assignment and assignment against the Debtors, the Heber Debtors, the Reorganized Heber Debtors or the Buyer as to such Cure Amounts; provided, however, that the terms of the HFC Royalty Settlement Order shall control the Cure Amounts owed to parties to the HFC Royalty Settlement, including Cure Amounts fixed in additional settlement agreements contemplated and authorized by such Order. In the event of a dispute regarding any Cure Amount or the ability of the Heber Debtor or other Debtors to assume and/or assign a particular contract or lease, including providing adequate assurance of future performance, the applicable Debtor may

determine to reject such contract or lease and otherwise will provide for payments required by section 365(b)(1) of the Bankruptcy Code only after the entry of a Final Order resolving such dispute.

9.5 Approval of Assumption of Certain Executory Contracts. Subject to Sections 9.1, 9.2 and 9.3 of this Heber Reorganization Plan, the executory contracts and unexpired leases of the Debtors listed on Exhibits B, C, D and E hereto shall be assumed by the relevant Debtors and, as applicable, assigned to the relevant Buyer as of the Effective Date. Except as may otherwise be ordered by the Court, the Heber Debtors shall have the right to cause any assumed executory contract or unexpired lease to vest in the Reorganized Heber Debtor designated for such purpose by the Heber Debtors.

9.6 Approval of Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute the approval, pursuant to section 365(a) of the Bankruptcy Code, of the rejection of any executory contracts and unexpired leases to be rejected as and to the extent provided in Section 9.1 of this Heber Reorganization Plan.

9.7 Deemed Consents. Unless a counterparty to an executory contract, unexpired lease, license or permit objects to the applicable Debtor's assumption thereof in writing on or before seven (7) days prior to the Confirmation Hearing, then, unless such executory contract, unexpired lease, license or permit has been rejected by the applicable Debtor or will be rejected by operation of the Heber Reorganization Plan, the Reorganized Heber Debtors shall enjoy all the rights and benefits under each such executory contract, unexpired lease, license and permit without the necessity of obtaining such counterparty's written consent to assumption or retention of such rights and benefits.

9.8 Bar Date for Rejection Damage Claims. Claims arising out of the rejection of an executory contract or unexpired lease pursuant to Section 9.1 of this Heber Reorganization Plan, if any, must be filed with the Court no later than the later of (i) fifteen (15) days after the Effective Date, and (ii) fifteen (15) days after entry of an order rejecting such executory contract or lease. Any Claims not filed within such time period will be forever barred from assertion against any of the Debtors, the Heber Debtors or the Reorganized Heber Debtors.

9.9 Cure Amount Disputes. Upon agreement by the parties to the Alternative Transaction Purchase Agreement and without prejudice to Buyers rights under the Alternative Transaction Purchase Agreement, any executory contract or unexpired lease that is subject to a Cure Amount dispute may be added by the Heber Debtors or Reorganized Heber Debtors to the Schedule of Rejected Contracts and Leases at any time, including, without limitation, after the resolution by the Court of such Cure Amount dispute, regardless of the occurrence of the Confirmation Date or the Effective Date, based on the existence of such dispute.

ARTICLE X

CONDITIONS PRECEDENT TO THE CONFIRMATION DATE AND THE EFFECTIVE DATE

10.1 Conditions to Confirmation. Each of the following is a condition to the Confirmation Date:

- (a) the entry of a Final Order finding that the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code;
- (b) the proposed Confirmation Order and this Heber Reorganization Plan shall be in form and substance, reasonably acceptable to the Heber Debtors, Buyers and DIP Agents;
- (c) all material provisions, terms and conditions hereof shall be approved in the Confirmation Order;
- (d) the Confirmation Date shall occur no later than December 15, 2003;
- (e) the Confirmation Order shall authorize and approve the Geothermal Sale and contain a finding that the Geothermal Sale shall be deemed to be incorporated into and consummated under this Heber Reorganization Plan for all purposes.
- (f) The Confirmation Order shall authorize all other transactions contemplated herein and the Plan Documents in order to effectuate this Heber Reorganization Plan or that are necessary or appropriate to effectuate this Heber Reorganization Plan, the Geothermal Sale and the Alternative Transaction Purchase Agreement.

10.2 Conditions Precedent to the Effective Date. Each of the following is a condition precedent to the Effective Date of this Heber Reorganization Plan:

- (a) The Confirmation Order shall: (i) have become a Final Order and (ii) be in form and substance reasonably satisfactory to the Heber Debtors, Buyers and DIP Agents and (iii) provide that the Debtors, Heber Debtors and Reorganized Heber Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the Heber Reorganization Plan, including the Geothermal Sale contemplated by the Alternative Transaction Purchase Agreement;
- (b) All conditions precedent to the Closing of the Geothermal Sale pursuant to the Alternative Transaction Purchase Agreement, including the release and waiver by the DIP Lenders of the Heber Debtors from any claims under DIP Financing Facility and the security interests granted in support of the DIP Financing Facility over Equity Interests in, and assets of, the Heber Debtors, shall have been satisfied or waived in accordance with the provisions therein (other than a condition precedent related to the Effective Date of the Heber Reorganization Plan);
- (c) Any regulatory approvals, including approvals under the Hart-Scott-Rodino Antitrust Act of 1976, as amended, that are necessary or desirable to effectuate this

Heber Reorganization Plan and the transactions contemplated hereunder shall have been obtained;

(d) Covanta shall have sufficient Cash (i) to make payment of the estimated Exit Costs, including, without limitation, all Allowed Administrative Expense Claims, Allowed Priority Non-Tax Claims, Allowed Unsecured Claims and Cure Amounts and (ii) to deposit Cash in the Disputed Claims Reserve in respect of any Administrative Expense Claims, Priority Non-Tax Claims and Unsecured Claims that are Disputed Claims;

(e) All documents, instruments and agreements provided for under, or necessary to implement, this Heber Reorganization Plan, the Geothermal Sale and the Alternative Transaction Purchase Agreement shall have been executed and delivered by the parties thereto, in form and substance satisfactory to the Heber Debtors, unless such execution or delivery has been waived by the parties benefited thereby.

10.3 Waiver of Conditions. Without prejudice to the Proposed Buyers' rights under the Purchase Agreement, the Heber Debtors may waive any of the foregoing conditions set forth in Section 10.1 or Section 10.2 of this Heber Reorganization Plan without leave of or notice to the Court and without any formal action other than proceeding with confirmation of this Heber Reorganization Plan or emergence from bankruptcy.

10.4 Failure to Satisfy or Waiver of Conditions Precedent. In the event that any or all of the conditions specified in Section 10.1 or 10.2 of this Heber Reorganization Plan have not been satisfied or waived in accordance with the provisions of this Article X on or before December 31, 2003 (which date may be extended by the Heber Debtors, with the consent of the Buyers, and upon notification submitted by the Heber Debtors to the Court, (a) the Confirmation Order shall be vacated, (b) no distributions under the Heber Reorganizing Plan shall be made, (c) the Heber Debtors and all holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though such date never occurred, and (d) all the Heber Debtors' respective obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained herein or in the Disclosure Statement shall be deemed an admission or statement against interest or to constitute a waiver or release of any claims by or against any Heber Debtor or any other Person or to prejudice in any manner the rights of any Heber Debtor or any Person in any further proceedings involving any Heber Debtor or Person.

ARTICLE XI

EFFECT OF CONFIRMATION

11.1 Revesting of Assets. Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, except for leases and executory contracts that have not yet been assumed or rejected (which leases and contracts shall be deemed vested when and if assumed), all property of each Heber Debtor's Estate shall vest in the applicable Reorganized Heber Debtor free and clear of all Claims, Liens, encumbrances, charges and other interests, except with respect to the GECC Liens or Permitted Encumbrances as provided herein or pursuant to any of the Plan Documents. Each Reorganized Heber Debtor may operate its businesses and may use,

acquire and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, except as provided herein.

11.2 Discharge of Claims. Except as otherwise provided herein or in the Confirmation Order, the rights afforded in this Heber Reorganization Plan and the entitlement to receive payments and distributions to be made hereunder shall discharge all existing Claims or Equity Interests, of any kind, nature or description whatsoever against or in each of the Heber Debtors or any of their assets, properties, successors in interest, affiliates or assigns to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as provided in this Heber Reorganization Plan or in the Confirmation Order, on the Effective Date, all existing Claims against each of the Heber Debtors and Equity Interests in the Heber Debtors shall be, and shall be deemed to be, discharged and each holder (as well as trustees and agents on behalf of all such holders) of a Claim or Equity Interest shall be precluded and enjoined from asserting against the Reorganized Heber Debtors, or any of their assets, properties, successors in interests, affiliates or assigns, any Claim or Equity Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date, whether or not (i) such holder has filed a Proof of Claim or Equity Interest, (ii) a Claim based on such Claim or Equity Interest is Allowed, or (iii) the holder of the Claim or Equity Interest has accepted the Heber Reorganization Plan.

11.3 Discharge of Heber Debtors. Upon the Effective Date and in consideration of the distributions to be made hereunder, except as otherwise expressly provided herein, each holder (as well as any trustees and agents on behalf of each holder) of a Claim shall be deemed to have forever waived, released and discharged each of the Heber Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, rights and liabilities (other than the right to enforce the Heber Debtors or Reorganized Heber Debtors obligations hereunder or under the Plan Documents) that arose prior to the Confirmation Date, whether existing in law or equity, whether based on fraud, contract or otherwise, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, whether based in whole or in part on any act, omission or occurrence taking place on or before the Confirmation Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against each of the Heber Debtors and Reorganized Heber Debtors, and any of their assets, properties, successors in interest, affiliates or assigns.

11.4 Binding Effect. Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, and subject to the Effective Date, the provisions of this Heber Reorganization Plan shall bind all present and former holders of a Claim against, or Equity Interest in, the applicable Heber Debtor and its respective successors, affiliates and assigns, whether or not the Claim or Equity Interest of such holder is Impaired under this Heber Reorganization Plan and whether or not such holder has filed a Proof of Claim or Equity Interest or accepted this Heber Reorganization Plan.

11.5 Term of Injunctions or Stays. Unless otherwise provided herein, all injunctions or stays arising under section 105 or 362 of the Bankruptcy Code, any order entered during the

Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the later of the Effective Date and the date indicated in such order.

11.6 Injunction Against Interference with Plan. Upon the entry of the Confirmation Order, all holders of Claims and Equity Interests and other parties in interest, along with their respective present and former employees, agents, officers, directors and principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of this Heber Reorganization Plan.

11.7 Exculpation. Notwithstanding anything herein to the contrary, as of the Effective Date, none of (i) the Heber Debtors or Reorganized Heber Debtors or their respective officers, directors and employees, (ii) the Specified Personnel, (iii) the Committee and any subcommittee thereof, (iv) the Agent Banks, the DIP Agents and the related steering committee (v) the accountants, financial advisors, investment bankers, and attorneys for the Heber Debtors or Reorganized Heber Debtors, and (vi) the directors, officers, employees, partners, members, agents, representatives, accountants, financial advisors, investment bankers, attorneys or affiliates for any of the persons or entities described in (i), (iii), (iv), (v) or (vi) of this Section 11.7 shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Chapter 11 Cases; formulating, negotiating or implementing the Heber Reorganization Plan; the solicitation of acceptances of the Heber Reorganization Plan; the pursuit of confirmation of the Heber Reorganization Plan; the confirmation, consummation or administration of the Heber Reorganization Plan or the property to be distributed under the Heber Reorganization Plan, except for their gross negligence or willful misconduct, and in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Heber Reorganization Plan.

11.8 Injunction. Upon the Effective Date with respect to the Heber Reorganization Plan and except as otherwise provided herein or in the Confirmation Order, all persons who have held, hold, or may hold Claims against or Equity Interests in the Heber Debtors, and all other parties in interest in the Chapter 11 Cases, along with their respective present or former employees, agents, officers, directors or principals, shall be permanently enjoined on and after the Effective Date from directly or indirectly (i) commencing or continuing in any manner any action or other proceeding of any kind to collect or recover any property on account of any such Claim or Equity Interest against any such Heber Debtor, Reorganized Heber Debtors, Person entitled to exculpation pursuant to Section 11.7 hereof or any of their assets, properties, successors in interest, affiliates or assigns, (ii) enforcing, attaching, collecting or recovering by any manner or means of any judgment, award, decree, or order to collect or recover any property on account of any such Claim or Equity Interest against any such Heber Debtor or Reorganized Heber Debtors or any of their assets, properties, successors in interest, affiliates or assigns, (iii) creating, perfecting, or enforcing any encumbrance of any kind against any Heber Debtor or Reorganized Heber Debtors or any of their assets, properties, successors in interest, affiliates or assigns on account of such Claim or Equity Interest, (iv) except for recoupment, asserting any right of setoff or subrogation of any kind against any obligation due any such Heber Debtor or Reorganized Heber Debtors or any of their successor in interests, affiliates or assigns or against

the property or interests in property of any such Heber Debtor or Reorganized Heber Debtor on account of any such Claim or Equity Interest, (v) commencing or continuing any action against the Reorganized Heber Debtors or any of their assets, properties, successors in interest, affiliates or assigns in any manner or forum in respect of such Claim or Equity Interest that does not comply or is inconsistent with the Heber Reorganization Plan, and (vi) taking any actions to interfere with the implementation or consummation of this Heber Reorganization Plan; provided that nothing herein shall prohibit any holder of a Claim from prosecuting a properly completed and filed proof of claim in the Chapter 11 Cases. In no event shall the Reorganized Heber Debtors their assets, properties, successors in interest, affiliates or assigns have any liability or obligation for any Claim against or Equity Interest in any of the Heber Debtors arising prior to the Effective Date, other than in accordance with the provisions of this Heber Reorganization Plan. In addition, except as otherwise provided in this Heber Reorganization Plan or the Confirmation Order, on and after the Effective Date, any individual, firm, corporation, limited liability company, partnership, company, trust or other entity, including any successor of such entity, shall be permanently enjoined from commencing or continuing in any manner, any litigation against the Reorganized Heber Debtors or any of their assets, properties, successors in interest, affiliates or assigns on account of or in respect of any of the Heber Debtors' prepetition liabilities or other liabilities satisfied pursuant to this Heber Reorganization Plan. By accepting Distributions pursuant to this Heber Reorganization Plan, each holder of an Allowed Claim or Allowed Equity Interest receiving Distributions pursuant to the Heber Reorganization Plan will be deemed to have specifically consented to the injunctions set forth herein.

11.9 Release. As of the Effective Date and without prejudice to the Buyers' rights under the Purchase Agreement, the Heber Debtors, on behalf of themselves and their Estates, shall be deemed to release unconditionally all claims, obligations, suits, judgments, damages, rights, causes of action, and liabilities whatsoever, against any and all of the (i) Debtors (except with respect to Debtors' obligations under the Alternative Transaction Purchase Agreement), (ii) the Debtors' present or former officers, directors, employees, partners, members, advisors, attorneys, financial advisors, accountants, investment bankers and other professionals, (iii) the DIP Lenders and the DIP Agents and (iv) the Committee's members, advisors, attorneys, financial advisors, investment bankers, accountants and other professionals, in each case whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon actions taken with respect to any omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Reorganizing Debtors, the Liquidating Debtors, the Heber Debtors, the Chapter 11 Cases, the Reorganization Plan, the Liquidation Plan or the Heber Reorganization Plan.

ARTICLE XII

RETENTION OF JURISDICTION

12.1 Jurisdiction of Court. The Court shall retain exclusive jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Cases and this Heber Reorganization Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following non-exclusive purposes:

- (a) to determine the allowance or classification of Claims and to hear and determine any objections thereto;
- (b) to hear and determine any motions for the assumption, assumption and assignment or rejection of executory contracts or unexpired leases, and the allowance of any Claims resulting therefrom;
- (c) to determine any and all motions, adversary proceedings, applications, contested matters and other litigated matters in connection with the Chapter 11 Cases that may be pending in the Court on, or initiated after, the Effective Date;
- (d) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (e) to issue such orders in aid of the execution, implementation and consummation of this Heber Reorganization Plan to the extent authorized by section 1142 of the Bankruptcy Code or otherwise;
- (f) to construe and take any action to enforce this Heber Reorganization Plan;
- (g) to reconcile any inconsistency in any order of the Court, including, without limitation, the Confirmation Order;
- (h) to modify the Heber Reorganization Plan pursuant to section 1127 of the Bankruptcy Code, or to remedy any apparent non-material defect or omission in this Heber Reorganization Plan, or to reconcile any non-material inconsistency in the Heber Reorganization Plan so as to carry out its intent and purposes;
- (i) to hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331, and 503(b) of the Bankruptcy Code;
- (j) to determine any other requests for payment of Priority Tax Claims, Priority Non-Tax Claims or Administrative Expense Claims;
- (k) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of this Heber Reorganization Plan;
- (l) to consider and act on the compromise and settlement or payment of any Claim against the Heber Debtors;
- (m) to recover all assets of Heber Debtors and property of the Estates, wherever located;
- (n) to determine all questions and disputes regarding title to the assets of the Heber Debtors or their Estates;

(o) to issue injunctions, enter and implement other orders or to take such other actions as may be necessary or appropriate to restrain interference by any entity with the consummation, implementation or enforcement of the Heber Reorganization Plan or the Confirmation Order;

(p) to remedy any breach or default occurring under this Heber Reorganization Plan;

(q) to resolve and finally determine all disputes that may relate to, impact on or arise in connection with, this Heber Reorganization Plan;

(r) to hear and determine matters concerning state, local, and federal taxes for any period of time, including, without limitation, pursuant to sections 346, 505, 1129 and 1146 of the Bankruptcy Code (including any requests for expedited determinations under section 505(b) of the Bankruptcy Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Petition Date through, and including, the final Distribution Date);

(s) to determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(t) to hear any other matter consistent with the provisions of the Bankruptcy Code; and

(u) to enter a final decree closing the Chapter 11 Cases.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1 Deletion of Classes and Subclasses. Any class or subclass of Claims that does not contain as an element thereof an Allowed Claim or a Claim temporarily allowed under Bankruptcy Rule 3018 as of the date of the commencement of the Confirmation Hearing shall be deemed deleted from this Heber Reorganization Plan for purposes of voting to accept or reject this Heber Reorganization Plan and for purposes of determining acceptance or rejection of this Heber Reorganization Plan by such class or subclass under section 1129(a)(8) of the Bankruptcy Code.

13.2 Effectuating Documents and Further Transactions. The chief executive officer of each of the Heber Debtors, or his or her designee, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases and other agreements or documents and take such actions on behalf of the Heber Debtors as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Heber Reorganization Plan, without any further action by or approval of the Board of Directors, as applicable, of the Heber Debtors.

13.3 Payment of Statutory Fees. All United States Trustee Fees shall be paid by Covanta through the entry of a final decree closing these Chapter 11 Cases, unless relieved of this obligation by further order of the Court. Following the Confirmation Date, Covanta shall

file with the Court and serve on the United States Trustee a quarterly disbursement report for each quarter, or portion thereof, until a final decree closing the chapter 11 cases has been entered, or the cases dismissed or converted to another chapter, in a format prescribed by and provided by the United States Trustee.

13.4 Withdrawal or Modification of Plan. The Heber Debtors reserve the right, without prejudice to the Buyers' rights under the Alternative Transaction Purchase Agreement and in accordance with the Bankruptcy Code and the Bankruptcy Rules, to revoke, withdraw, amend or modify this Heber Reorganization Plan or to amend, modify or terminate the Alternative Transaction Purchase Agreement in accordance with its terms or the Alternative Transaction Purchase Agreement at any time prior to the entry of the Confirmation Order; provided that this Heber Reorganization Plan shall be in form and substance reasonably satisfactory to the Buyers. Additionally, the Heber Debtors reserve the right, without prejudice to the Buyers' rights under the Alternative Transaction Purchase Agreement in respect of confirmation of this Heber Reorganization Plan for all of the Debtors, to revoke, withdraw, amend or modify the Heber Reorganization Plan as it applies to any particular Heber Debtor. After the entry of the Confirmation Order, the Heber Debtors may, upon order of the Court and without prejudice to Buyers' rights under the Alternative Transaction Purchase Agreement, amend or modify this Heber Reorganization Plan or the Alternative Transaction Purchase Agreement, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in this Heber Reorganization Plan or the Alternative Transaction Purchase Agreement (without prejudice to the Buyers' rights under the Alternative Transaction Purchase Agreement), as applicable, in such manner as may be necessary to carry out the purpose and intent of this Heber Reorganization Plan. A holder of an Allowed Claim or Allowed Equity Interest that has accepted or is deemed to have accepted this Heber Reorganization Plan shall be deemed to have accepted this Heber Reorganization Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim or Equity Interest of such holder.

13.5 Courts of Competent Jurisdiction. If the Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of this Heber Reorganization Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other Court having competent jurisdiction with respect to such matter.

13.6 Exemption From Transfer Taxes. To the extent permitted under section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of securities under or in connection with the Heber Reorganization Plan, or the execution, delivery or recording of an instrument of transfer under or in connection with this Heber Reorganization Plan, or the revesting, transfer or sale of any real property of a Heber Debtor under or in connection with this Heber Reorganization Plan shall not be subject to any state or local law imposing stamp, transfer, mortgage recording or other similar tax. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument without requiring payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

13.7 Rules of Construction. For purposes of this Heber Reorganization Plan, the following rules of interpretation apply:

(a) The words “herein,” “hereof,” “hereto,” “hereunder” and others of similar import refer to this Heber Reorganization Plan as a whole and not to any particular Section, subsection, or clause contained in this Heber Reorganization Plan;

(b) Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter;

(c) Any reference in this Heber Reorganization Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;

(d) Any reference in this Heber Reorganization Plan to an existing document or exhibit filed or to be filed means such document or exhibit, as it may have been or may be amended, modified or supplemented;

(e) Unless otherwise specified, all references in this Heber Reorganization Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to this Heber Reorganization Plan;

(f) Captions and headings to Articles and Sections are inserted for convenience of reference only are not intended to be a part of or to affect the interpretation of this Heber Reorganization Plan; and

(g) Unless otherwise expressly provided, the rules of construction set forth in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply to this Heber Reorganization Plan.

13.8 Computation of Time. In computing any period of time prescribed or allowed by this Heber Reorganization Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006 shall apply.

13.9 Successors and Assigns. The rights, benefits and obligations of any entity named or referred to in the Heber Reorganization Plan shall be bind on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

13.10 Notices. Any notices to or requests of the Heber Debtors by parties in interest under or in connection with this Heber Reorganization Plan shall be in writing and served either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

Covanta Energy Corporation
c/o CLEARY GOTTLIEB STEEN & HAMLTON
One Liberty Plaza
New York, New York 10006

Attn: James L. Bromley, Esq.

Covanta Energy Corporation
c/o JENNER & BLOCK, LLC
One IBM Plaza
Chicago, Illinois 60611-7603

Attn: Vincent E. Lazar, Esq.

Ormat Nevada, Inc.
c/o Weil, Gotshal & Manges
767 Fifth Avenue
New York, NY 10154

Attn: Philip Rosen, Esq.

Ormat Nevada, Inc.
980 Greg Street
Sparks, NE 89431

Attn: Rany Raviv

13.11 Severability. If, prior to the Confirmation Date, any term or provision of this Heber Reorganization Plan is determined by the Court to be invalid, void or unenforceable, the Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted, without prejudice to the Proposed Buyers' rights under the Purchase Agreement. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Heber Reorganization Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding alteration or interpretation, without prejudice to the Proposed Buyers' rights under the Purchase Agreement. The Confirmation Order will constitute a judicial interpretation that each term and provision of this Heber Reorganization Plan, as it may have been altered or interpreted in accordance with the forgoing, is valid and enforceable pursuant to its terms. Additionally, if the Court determines that the Heber Reorganization Plan, as it applies to any particular Heber Debtor, is not confirmable pursuant to section 1129 of the Bankruptcy Code (and cannot be altered or interpreted in a way that makes it confirmable), such determination shall not limit or affect (a) the confirmability of the Heber Reorganization Plan as it applies to any other Heber Debtor or

(b) the Heber Debtors' ability to modify the Heber Reorganization Plan, as it applies to any particular Heber Debtor, to satisfy the confirmation requirements of section 1129 of the Bankruptcy Code, without prejudice to the Proposed Buyers' rights under the Purchase Agreement.

13.12 Governing Law. Except to the extent the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under this Heber Reorganization Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

13.13 Exhibits. All Exhibits to this Heber Reorganization Plan are incorporated into and are a part of this Heber Reorganization Plan as if set forth in full herein.

13.14 Counterparts. This Heber Reorganization Plan may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

Dated: November 21, 2003

AMOR 14 CORPORATION

By: /s/ Anthony Orlando

COVANTA SIGC ENERGY, INC.

By: /s/ Anthony Orlando

COVANTA SIGC ENERGY II, INC.

By: /s/ Anthony Orlando

HEBER FIELD COMPANY

By: /s/ Anthony Orlando

HEBER GEOTHERMAL COMPANY

By: /s/ Anthony Orlando

SECOND IMPERIAL GEOTHERMAL
COMPANY, L.P.

By: /s/ Anthony Orlando