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P.C.
Department of Energy E 605
825 MARION ST. NE
SALEM, OREGON 97310
Attn: Dave Stevens

MODIFICATION OF CONTRACT OF SALE

This Modification of Contract of Sale, dated as of the 1st day of March, 1996, is made by and between THE STATE OF OREGON, BY AND THROUGH THE DEPARTMENT OF ENERGY ("Seller"), and CRATER LAKE LAND & DEVELOPMENT, L.L.C., an Oregon Limited Liability Company (hereinafter called "Purchaser").

RECITALS

1. Seller and Purchaser have entered into a Contract of Sale ("the Contract"), dated July 25, 1995, a Memorandum of Contract of which was recorded in the records of Klamath County on July 31, 1995 in Book M95, Page 19945, with respect to the real property ("the Property") in Klamath County, Oregon, more particularly described as:

Lots 3 and 4 and all that portion of the E1/2SW1/4 and S1/2SE1/4NW1/4 lying Westerly of the right of way of the S.P. Railroad in Section 31, Township 30 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon.

2. Purchaser has requested Seller to obtain approval from the State Land Board to convey the mineral rights on the Property and Seller has obtained such approval in consideration of the payment by Purchaser of Five Hundred Dollars (\$500.00).

3. The parties wish to modify the Contract to acknowledge the approval by the State Land Board, and the consideration paid to the Seller, and to record the Modification of Contract.

4. Except as modified herein, the Contract shall remain in full force and effect, as originally written and executed.

NOW THEREFORE, SELLER AND PURCHASER AGREE TO MODIFY THE CONTRACT AS FOLLOWS:

1. RESERVATION OF MINERAL RIGHTS

Paragraph 1 of the Contract is deleted and replaced with the following: "Seller has requested a finding by the State Land Board that the sale of the mineral and geothermal resource rights as described in ORS 273.775 is for the purpose of obtaining the greatest benefit for the people of the state, consistent with the conservation of lands under its jurisdiction under sound techniques of land management, as provided by ORS 273.780(3), and such finding was made pursuant to Agenda Item 4c of the State Land Board Regular Meeting held February 13, 1996. In consideration of the payment by Purchaser to Seller of Five Hundred Dollars (\$500.00), receipt of which is hereby acknowledged, Seller shall, upon payment in full of the purchase price, convey the Property and deliver its Deed to

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Purchaser without reservation of any mineral and geothermal resource rights."

SELLER

PURCHASER

STATE OF OREGON
DEPARTMENT OF ENERGY

CRATER LAKE LAND & DEVELOPMENT, L.L.C.

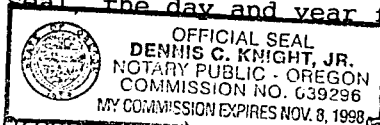
By: Larry V. Gray
Title: Administrator
State of Oregon
Department of Energy

By: Thomas B. Embree
Thomas B. Embree, Manager

State of Oregon)
County of MARION) ss.

On this 8th day of MARCH, 1996, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared LARRY GRAY, the Division Administrator of Oregon Department of Energy, to me known to be the individual described in and who executed the foregoing instrument on behalf of the STATE OF OREGON, DEPARTMENT OF ENERGY, and acknowledged to me that HE signed and sealed the said instrument as a free and voluntary act and deed, for the uses and purposes therein mentioned.

In witness whereof, I have hereunto set my hand and affixed my official seal, the day and year first above written.



Henric C. Knight
Notary Public for Oregon

State of Oregon)
County of Clackamas) ss.



On this 26TH day of February, 1996, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Thomas B. Embree, the Manager of Crater Lake Land & Development, L.L.C., to me known to be the individual described in and who executed the foregoing instrument and acknowledged to me that he signed and sealed the said instrument as a free and voluntary act and deed on behalf of the L.L.C., for the uses and purposes therein mentioned.

In witness whereof, I have hereunto set my hand and affixed my official seal, the day and year first above written.

Marjorie L. Miller
Notary Public for Oregon

Page 2 - MODIFICATION OF CONTRACT OF SALE

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STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Dept. of Energy
of March A.D., 19 96 at 10:52 o'clock A M., and duly recorded in Vol. M96,
of Deeds on Page 7661.

FEE \$35.00

Bernetha G. Letsch County Clerk

By Shirley Russell