

21713

Vol. make Page 21772

AFTER RECORDING, RETURN TO: '96 JUL 19 P3:53

William H. Holmes
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2300
Portland, OR 97204

MTC 38822KR

MEMORANDUM OF AGREEMENT

EFFECTIVE
DATE:

July 19, 1996

BETWEEN:

THE NATURE CONSERVANCY, a District of Columbia nonprofit
corporation

AND:

PACIFICORP, an Oregon corporation

AND:

THE NEW EARTH COMPANY, an Oregon corporation

The property in Klamath County, Oregon described on attached Exhibit A, commonly known as Tulana Farms, is subject to a Participation Agreement dated effective July 19, 1996 between the parties. The terms and conditions of the Participation Agreement are incorporated into this Memorandum by this reference.

IN WITNESS WHEREOF, the parties have caused this memorandum to be executed effective as of the day and year first above written.

THE NATURE CONSERVANCY

By: [Signature]Printed Name: ESSIE FROELICHTitle: V.P. + OREGON DIRECTORDate: 7/19/96

PACIFICORP

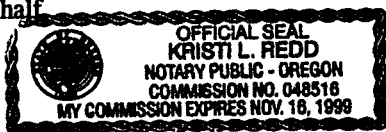
By: [Signature]Printed Name: S.A. de SousaTitle: Director, Hydro ResourcesDate: 7-19-96

THE NEW EARTH COMPANY

By: [Signature]Printed Name: Robert B. LongTitle: CEODate: 7/19/96

STATE OF Oregon)
 County of Clatsop) ss.

The foregoing instrument is acknowledged before me this 19th day of July, 1996, by RUSSELL HOEFELICH as V. Pres. & Oregon Director of THE NATURE CONSERVANCY, a District of Columbia nonprofit corporation, on its behalf.



Kristi L. Redd
 Notary Public for Oregon
 My commission expires: 11/16/99

STATE OF Oregon)
 County of Clatsop) ss.

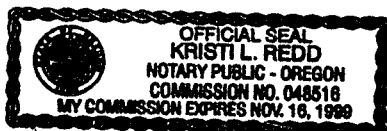
The foregoing instrument is acknowledged before me this 19th day of July, 1996, by S.A. deSousa as Director-Hydro Resources of PACIFICORP, an Oregon corporation, on its behalf.



Kristi L. Redd
 Notary Public for Oregon
 My commission expires: 11/16/99

STATE OF Oregon)
 County of Clatsop) ss.

The foregoing instrument is acknowledged before me this 19th day of July, 1996, by Robert B. Longo as Chief Financial Officer of THE NEW EARTH COMPANY, an Oregon corporation, on its behalf.



Kristi L. Redd
 Notary Public for Oregon
 My commission expires: 11/16/99

EXHIBIT A
of Participation Agreement

21774

EXHIBIT B
of Farm Lease
Page 1 of 2

1816-01

DESCRIPTION FOR WILLIAMSON RIVER RANCH

All that certain real property situate, lying and being in the County of Klamath, State of Oregon, more particularly described as follows:

In Section 19, Township 35 South, Range 7 East of the Willamette Meridian: Government Lots 2, 3, 4, 5, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 20, 25, 26, 27, 28, 29, 30 and the following described tract:

Starting at a point 518.1 feet West from the section corner common to Section 19, 20, 29 and 30, said Township and Range; thence West 801.9 feet; thence North 1320 feet to the centerline of State Highway 427; thence South 25° East following said centerline 1122 feet; thence Southeasterly following said centerline 479.8 feet, more or less, to the starting point, being a portion of Government Lots 24 and 31 of said Section 19;

EXCEPTING from Government Lot 3 the following described parcel:

Beginning at the intersection of the North line of Section 19, said Township and Range and the West right-of-way line of State Highway 427; thence South 13° 10' 28" East along said West right-of-way line 415.69 feet; thence North 89° 36' 24" West parallel to the North section line of Section 19 577.28 feet to Agency Lake; thence North 3° 50' 07" West along the shore line of Agency Lake 405.20 feet to the North line of Section 19; thence South 89° 36' 24" East along said section line 509.63 feet to the point of beginning.

ALSO EXCEPTING all that portion of Government Lots 2, 3, 4, 5, and 8 of Section 19, Township 35 South, Range 7 East of the Willamette Meridian lying Northerly of State Highway 422 and Easterly of State Highway 427.

In Section 30, Township 35 South, Range 7 East of the Willamette Meridian: Government Lots 3, 4, 5, 6, 7, 14, 15, 16, 17, 23, 24, 25, 26, 27, 28, 33, 34, 35, 36, 37, and the West 660 feet of Government Lots 8, 13 and 18;

EXCEPTING THEREFROM a substation site 40 feet square in said Section 30, described as follows:

Beginning at a point on the Westerly bank of the Williamson River and on the Easterly boundary of Lot 37 of said Township and Range, said point being situated South 89° 09' West 2.7 feet and West 3114 feet, more or less from the Southeast corner of said Section 30; thence West 110.0 feet; thence North 88° 22' West 249.4 feet; thence West 1750.0 feet; thence North 70° 00' West 7.0 feet to a point on the East boundary fence line of that certain structure known and referred to as "Indian Lands Substation" and from which the Southeast corner of said substation bears South 12.5 feet, being the true point of beginning; thence South 12.5 feet to the Southeast corner; thence West 40 feet; thence North 40 feet; thence East 40 feet; thence South 27.5 feet to the true point of beginning.

-continued-

EXHIBIT A
of Participation Agreement

EXHIBIT B
of Farm Lease
Page 2 of 2

21775

ALSO EXCEPTING THEREFROM the East 250 feet of Government Lot 3 of Section 30, said Township and Range.

In Section 31, Township 35 South, Range 7 East of the Willamette Meridian: Government Lot 4, excepting therefrom the following described parcel:

Beginning at a point on the North line of said Government Lot 4 which bears North 89° 39' 50" East 498.3 feet from the Northwest corner of said Government Lot 4; thence South 7° 13' 10" East 336.7 feet; thence South 51° 05' 40" East 165.5 feet to a point; thence South 6° 30' 30" East 50.5 feet to a point; thence North 80° 02' 40" East 135 feet, more or less, to a point on the Westerly bank of the Williamson River; thence Northerly along said Westerly bank to the Northeast corner of said Government Lot 4; thence south 89° 39' 0" West along the North line of said Government Lot 4 to the point of beginning.

Government Lots 5, 6, 7, 12, 13, 14, 15, 16, 17, 18, 19, excepting therefrom the portion of Government Lots 12, 16, 18 and 19 lying Southerly and Easterly of the center thread of the Williamson River;

In Township 35 South, Range 7 1/2 East of the Willamette Meridian: All of fractional Sections 25, 26, 27, 33, 34, 35 and a portion of Section 36 lying Westerly of the center thread of the Williamson River, all of fractional Section 24 except Government Lot 5; all of fractional Section 28 lying East of the straits which connect Upper Klamath Lake and Agency Lake;

In Township 36 South, Range 7 1/2 East of the Willamette Meridian: All of Section 1; all of fraction Sections 2, 3, 4, 11 and 12 lying Northeasterly of the shore line of Upper Klamath Lake and Westerly of the center thread of the Williamson River.

Containing 4883 acres, more or less.

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of AmeriTitle the 19th day
of July A.D., 19 96 at 3:53 o'clock P M., and duly recorded in Vol. M96,
of Deeds on Page 21772.

FEE \$45.00

Bernetha G Letsch, County Clerk

By [Signature]