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After Recording, Return To: William H. Holmes Stoel Rives LLP 900 SW 5th Avenue, Suite 2600 Portland, OR 97204

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE is made and entered into as of this 1st day of May, 2001, by and between COLLINS PRODUCTS LLC, an Oregon limited liability company ("Lessor") and PACIFICORP POWER MARKETING, INC., an Oregon municipal corporation ("Lessee").

RECITALS

- A. Lessor and Lessee entered into a certain Lease dated May 1, 2001 (the "Lease") with respect to that portion of the real property described on attached Exhibit A and the easements on attached Exhibit B (the "Premises").
- B. Lessor and Lessee now wish to memorialize of record the existence of the Lease and certain specific terms of the same.

NOW THEREFORE, in consideration of the Lease and other good and valuable consideration, Lessor and Lessee agree as follows:

- 1. Lessor and Lessee are parties to the Lease to demise and let the Premises upon the terms and conditions more particularly set forth in the Lease.
- 2. The term of the Lease shall commence on May 1, 2001 and shall continue through the date that is 24 months following the commencement of Commercial Operation of the New Plant (as defined in the Lease), subject to renewal for five additional five-year terms.
- 3. Reference is made to the Lease for a full statement of the terms and conditions of the Lease, all of which are hereby incorporated by reference.

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4. Nothing in this Memorandum of Lease shall be construed to amend, modify, change, alter, amplify, interpret or supersede any of the terms and provisions of the Lease, which shall in all things control.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Memorandum of Lease to be executed as of the date first above written.

LESSOR:

COLLINS PRODUCTS LLC,

an Oregon limited liability company

By: Jale H

Name/Tiple DALE A. SLATE - VECE PERSONAL

LESSEE:

PACIFICORP POWER MARKETING, INC.,

an Oregon municipal corporation

By:

Nome/Title I

van Alderwerelt Vice President

STATE OF OREGON

SS.

County of klamath

The foregoing instrument was acknowledged before me this 24th day of 1,201, by 1,201, the Nice Hesident of COLLINS PRODUCTS LLC, an Gregon limited liability company on its behalf.

OFFICIAL SEAL
CATHERINE GRAY
NOTARY PUBLIC-OREGON
COMMISSION NO. 332196
MY COMMISSION EXPIRES MAY 6, 2004

Notary Public for Oregon

My Commission Expires

STATE OF OREGON	
	SS
County of Multnomek	

The foregoing instrument was acknowledged before me this 2 nd day of day of 1, 2001, by Peter vanillaterweight, the Vice President of PACIFICORP POWER MARKETING, INC., an Oregon municipal corporation on its behalf.



Scrida Lr Igin

Notary Public for Oregon

My Commission Expires Quart 18, 2001

EXHIBIT A to MEMORANDUM OF LEASE

Legal Description of the Real Property

A TRACT OF LAND SITUATED IN THE SOUTHWEST ONE-QUARTER OF SECTION 18, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON. SAID PARCEL IS DESCRIBED WITH REFERENCE TO THE KLAMATH COGENERATION PLANT COORDINATE SYSTEM WHICH IS ROTATED 2°46'12" FROM THE OREGON STATE PLANE COORDINATE SYSTEM, SOUTH ZONE (NAD83/91), BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTER ONE-QUARTER CORNER OF SAID SECTION 18, EVIDENCED BY A 2" IRON PIPE; THENCE SOUTH 59°14'29" WEST, 2544.82 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 00°00'00" EAST, 414.00 FEET; THENCE SOUTH 90°00'00" WEST, 401.00 FEET; THENCE NORTH 00°00'00" EAST, 444.00 FEET TO A POINT THAT BEARS SOUTH 24°27'33" WEST, 437.22 FEET FROM THE NORTHWEST CORNER OF THE KLAMATH FALLS COGENERATION PLANT SITE; THENCE SOUTH 85°44'50" EAST, 149.41 FEET; THENCE NORTH 00°00'00" EAST, 333.41 FEET; THENCE SOUTH 90°00'00" EAST, 32.45 FEET TO A POINT ON THE WEST BOUNDARY LINE OF THE KLAMATH COGENERATION PLANT SITE, THENCE ALONG SAID WEST LINE SOUTH 00°00'31" WEST, 241.15 FEET TO THE SOUTHWEST CORNER OF SAID KLAMATH COGENERATION PLANT SITE; THENCE ALONG THE SOUTHERLY LINE OF SAID KLAMATH COGENERATION PLANT SITE SOUTH 66°35'14" EAST, 69.70 FEET; THENCE LEAVING SAID SOUTHERLY BOUNDARY LINE SOUTH 00°00'00" EAST, 71.78 FEET; THENCE SOUTH 85°41'49" EAST, 156.06 FEET TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 4.32 ACRES, MORE OR LESS.

SEE ATTACHED EXHIBIT "A-1".

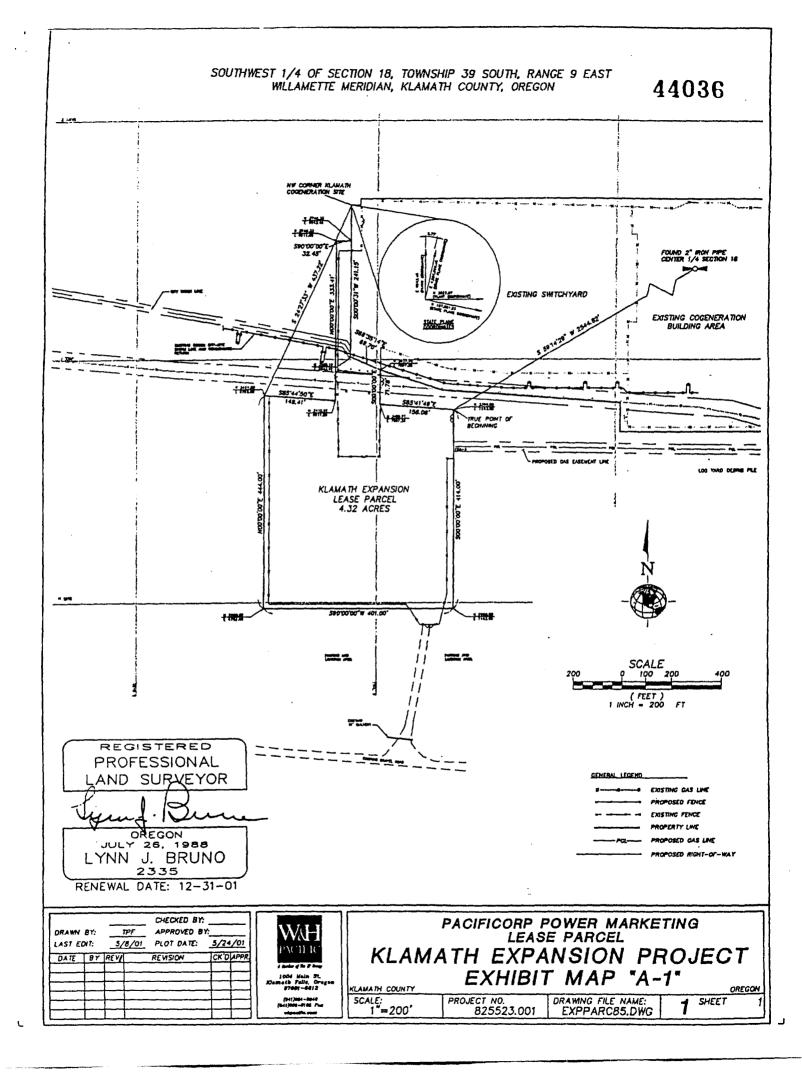


EXHIBIT B to MEMORANDUM OF LEASE

Legal Description of Easements

Part 1 UTILITY EASEMENT

AN EASEMENT SITUATED IN THE SOUTHWEST ONE-QUARTER OF SECTION 18, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON. SAID EASEMENT IS DESCRIBED WITH REFERENCE TO THE KLAMATH COGENERATION PLANT COORDINATE SYSTEM WHICH IS ROTATED 2°46'12" FROM THE OREGON STATE PLANE COORDINATE SYSTEM, SOUTH ZONE (NAD83/91), BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTER ONE-QUARTER CORNER OF SAID SECTION 18, EVIDENCED BY A 2" IRON PIPE; THENCE SOUTH 55°01'14" WEST, 2245.46 FEET TO AN ANGLE POINT ON THE SOUTHERLY BOUNDARY OF THE KLAMATH COGENERATION PLANT SITE AND THE TRUE POINT OF BEGINNING; THENCE ALONG SAID SOUTHERLY LINE SOUTH 00°00'00" EAST, 59.70 FEET TO ANOTHER ANGLE POINT ON SAID SOUTHERLY BOUNDARY; THENCE LEAVING SAID SOUTHERLY BOUNDARY SOUTH 00°00'00" EAST, 24.59 FEET; THENCE NORTH 89°21'29" WEST, 347.02 FEET TO A POINT ON THE EAST BOUNDARY OF THE KLAMATH COGENERATION EXPANSION LEASE PARCEL; THENCE ALONG SAID EAST LINE NORTH 00°00'00" EAST, 66.20 FEET; THENCE CONTINUING ALONG SAID LEASE PARCEL BOUNDARY NORTH 85°41'49" WEST, 156.06 FEET; THENCE NORTH 00°00'00" EAST, 71.78 FEET TO A POINT ON SAID SOUTHERLY BOUNDARY LINE OF THE KLAMATH COGENERATION PLANT SITE; THENCE ALONG SAID SOUTHERLY LINE SOUTH 72°24'57" EAST, 141.06 FEET; THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 85°51'20" EAST, 369.12 FEET TO THE POINT OF BEGINNING.

SAID EASEMENT CONTAINS 41,209 SQUARE FEET, MORE OR LESS.

SEE ATTACHED EXHIBIT "B-1".

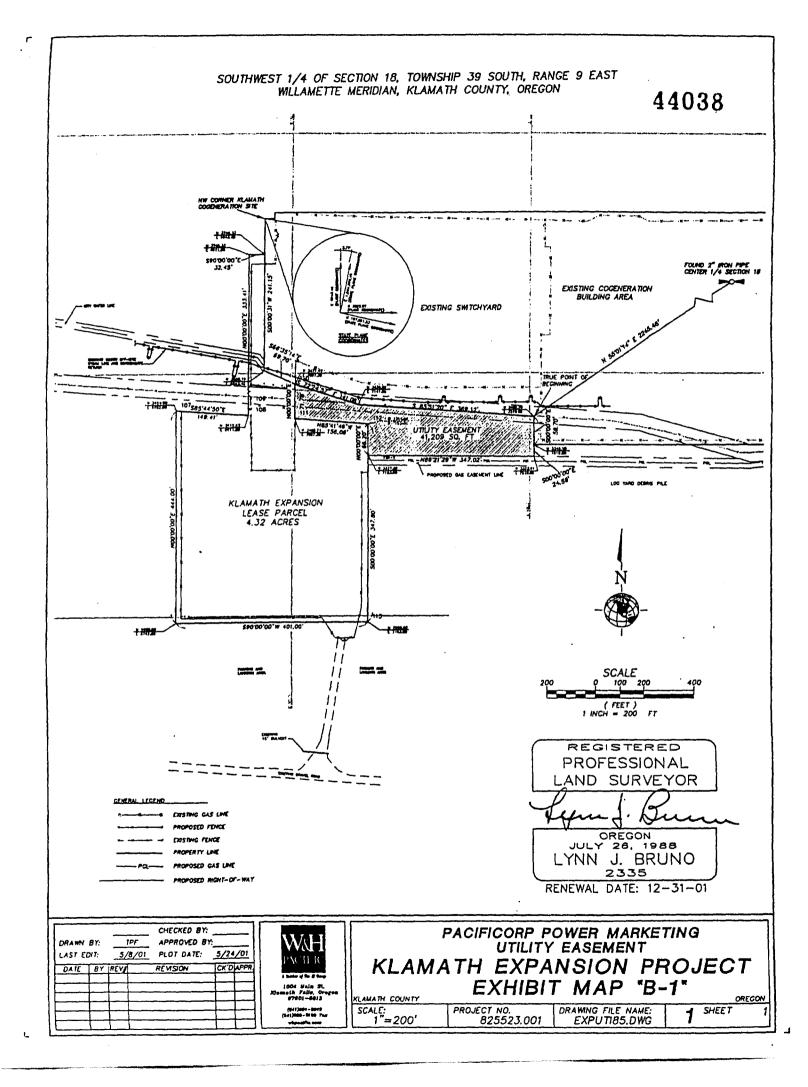


EXHIBIT B, PART 2

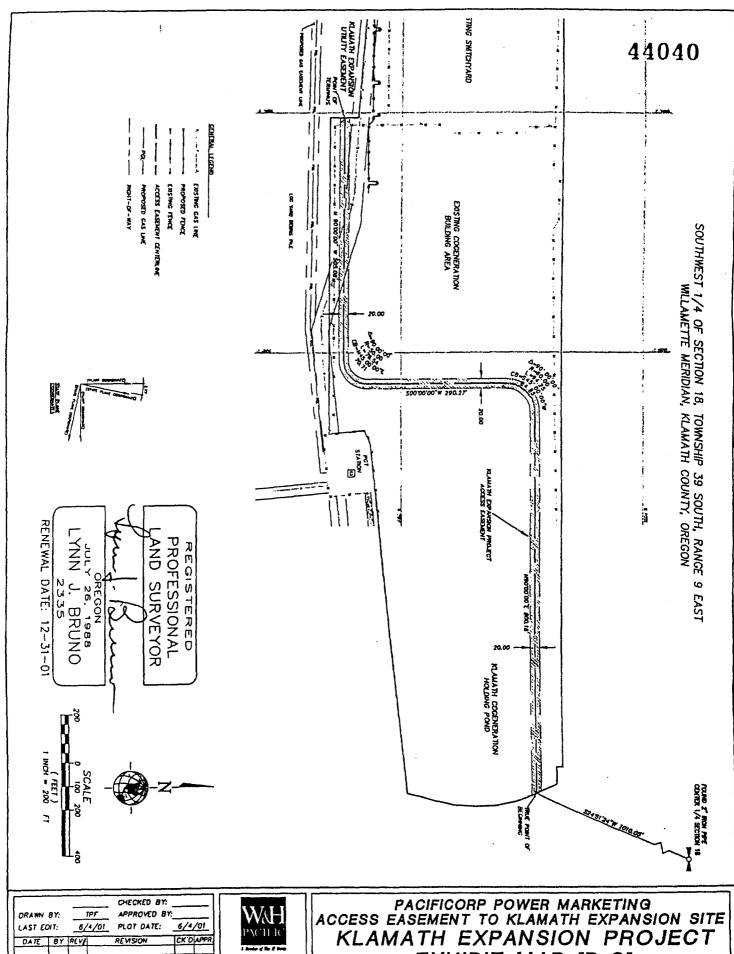
ACCESS EASEMENT

AN EASEMENT 20 FEET WIDE OVER AND ACROSS THE SOUTHWEST ONE-QUARTER OF SECTION 18, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON. THE BOUNDARIES OF SAID EASEMENT LIE 10 FEET EACH SIDE OF, AND PARALLEL WITH THE CENTERLINE AND ARE TO BE EXTENDED OR SHORTENED TO TERMINATE AT THE KLAMATH COGENERATION PLANT BOUNDARIES. THE CENTERLINE IS DESCRIBED WITH REFERENCE TO THE KLAMATH COGENERATION PLANT COORDINATE SYSTEM WHICH IS ROTATED 2°46'12" FROM THE OREGON STATE PLANE COORDINATE SYSTEM, SOUTH ZONE (NAD83/91), SAID CENTERLINE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE KLAMATH COGENERATION PLANT THAT BEARS SOUTH 24°51'24" WEST, 1010.05 FEET FROM THE CENTER ONE-QUARTER CORNER OF SAID SECTION 18, EVIDENCED BY A 2" IRON PIPE; THENCE SOUTH 90°00'00" WEST, 800.18 FEET TO A POINT OF CURVATURE; THENCE ALONG THE ARC OF 60.00 FOOT RADIUS CURVE TO THE LEFT 94.25 FEET THROUGH A CENTRAL ANGLE OF 90°00'00" (THE LONG CHORD OF WHICH BEARS SOUTH 45°00'00" WEST, 84.85 FEET) TO A POINT OF TANGENCY; THENCE SOUTH 00°00'00" EAST, 290.27 FEET TO A POINT OF CURVATURE; THENCE ALONG THE ARC OF A 50.00 FOOT RADIUS CURVE TO THE RIGHT 78.54 FEET THROUGH A CENTRAL ANGLE OF 90°00'00" (THE LONG CHORD OF WHICH BEARS SOUTH 45°00'00" WEST, 70.71 FEET) TO A POINT OF TANGENCY; THENCE SOUTH 90°00'00" WEST, 505.08 FEET TO A POINT ON THE SOUTHERLY BOUNDARY OF THE KLAMATH COGENERATION PLANT AND THE TERMINUS OF THIS EASEMENT.

SAID EASEMENT CONTAINS 35,366 SQUARE FEET, MORE OR LESS.

SEE ATTACHED EXHIBIT "B-2".



DRAWN BY:		TPF		CHECKED BY: APPROVED BY: PLOT DATE: 6/4/01		
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KLAMATH EXPANSION PROJECT
EXHIBIT MAP "B-2"

SCALE: 1"=200" PROJECT NO. 825523.001 DRAWNG FILE NAME: EXPACC85.DWG SHEET

ACCESS ROAD EASEMENT

(EASEMENT DESCRIPTION OBTAINED FROM GERA CONSULTANTS, WRITTEN FOR THE KLAMATH COGENERATION PROJECT. PERMISSION TO USE THERE DATA FOR THE KLAMATH EXPANSION PROJECT WAS GRANTED ON 5/10/2001.)

A parcel of land located in the Northeast quarter of the Southwest quarter (NE1/4SW1/4), Government Lots 2, 3 and 4, and the Southwest quarter of the Northeast quarter (SW1/4NE1/4) of Section 18 in Township 39 South, Range 9 East of the Willamette Meridian, in Klamath County Oregon. Said parcel of land is described with reference to the Oregon Coordinate System, South Zone (NAD83/91), more particularly described as follows:

Beginning at a point that bears S.24°28'33"W., 982.35 feet from the Center Quarter Corner of said Section 18, evidenced by a 2" iron pipe; thence N.87°13'39"E., 33.01 feet; thence S.27°27'32"E., 30.20 feet; thence S.25°16'54"E., 46.24 feet; thence S.15°07'32"E., 49.27 feet; thence S.06°00'20"E., 47.35 feet; thence S.00°08'27"E., 49.65 feet; thence S.09°28'58"W., 48.90 feet; thence S.13°04'36"W., 24.97 feet; thence S.04°53'27"W., 55.90 feet to a point of curvature; thence on a curve to the left, with a radius of 205.93 feet, and an arc distance of 241.39 feet (chord S.28°41'24"E., 227.81 feet); thence S.62°16'16"E., 4.80 feet to a point of curvature; thence on a curve to the left, with a radius of 157.25 feet, and an arc distance of 220.88 feet (chord N.77°29'19"E., 203.16 feet); thence N.37°15'06"E., 83.60 feet to a point of curvature; thence on a curve to the right, with a radius of 1001.89 feet, and an arc distance of 107.42 feet (chord N.40°03'33"E., 107.37 feet) to a point of compound curvature; thence on a curve to the right, with a radius of 1779.19 feet, and an arc distance of 95.58 feet (chord N.50°39'22"E., 95.57 feet) to a point of compound curvature; thence on a curve to the right, with a radius of 934.28 feet, and an arc distance of 96.19 feet (chord N.57°11'42"E., 96.15 feet) to a point of reverse curvature; thence on a curve to the left, with a radius of 175.31 feet, and an arc distance of 90.95 feet (chord N.50°27'12"E., 89.93 feet); thence N.39°06'48"E., 982.11 feet to a point of curvature; thence on a curve to the left, with a radius of 1935.50 feet, and an arc distance of 98.96 feet (chord N.37°38'55"E., 98.94 feet); thence N.36°11'03"E., 158.91 feet to a point of curvature; thence on a curve to the left, with a radius of 481.43 feet, and an arc distance of 235.23 feet (chord N.22°01'11"E., 232.90 feet); thence N.08°11'19"E., 440.87 feet to a point of curvature; thence on a curve to the left, with a radius of 684.88 feet, and an arc distance of 97.00 feet (chord N.04°07'52"E., 96.92 feet); thence N.00°04'26"E., 43.74 feet to a point of curvature; thence on a curve to the left, with a radius of 344.08 feet, and an arc distance of 93.92 feet (chord N.07°44'45"W., 93.62 feet); thence N.15°33'56"W., 133.49 feet to a point of curvature; thence on a curve to the right, with a radius of 70.00 feet, and an arc distance of 75.65 feet (chord N.15°23'41"E., 72.02 feet); thence N.46°21'17"E., 18.08 feet to a point on the westerly right-of-way line of U.S. Highway 97; thence along said U.S. Highway 97 right-of-way S.13°20'54"E., 46.94 feet to a point of curvature; thence leaving said U.S. Highway 97 right-of-way on a curve to the left, with a radius of 30.00 feet, and an arc distance of 26.79 feet (chord S.10°01'16"W., 25.91 feet); thence S.15°33'56"E., 133.49 feet to a point of curvature; thence on a curve to the right, with a radius of 384.08 feet, and an arc distance of 104.84 feet (chord S.07°44'45"E., 104.51 feet); thence S.00°04'26"W., 43.74 feet to a point of curvature; thence on a curve to the right with a radius of 724.88 feet, and an arc distance of 102.67 feet (chord S.04°07'52"W., 102.58 feet); thence S.08°11'19"W., 440.87 feet to a point of curvature; thence on a curve to the right, with a radius of 521.43 feet, and an arc distance of 254.78 feet (chord

S.22°11'11"W., 252.25 feet; thence S.36°11'03"W., 158.91 feet to a point of curvature; thence on a curve to the right, with a radius of 1975.50 feet, and an arc distance of 101.00 feet (chord S.37°38'55"W., 100.99 feet); thence S.39°06'48"W., 982.11 feet to a point of curvature; thence on a curve to the right, with a radius of 213.87 feet, and an arc distance of 21.16 feet (chord S.38°57'08"W., 21.16 feet) to a point of compound curvature; thence on a curve to the right, with a radius of 213.87 feet, and an arc distance of 86.16 feet (chord S.53°19'43"W., 85.58 feet) to a point of compound curvature; thence on a curve to the left, with a radius of 894.28 feet, with an arc distance of 89.66 feet (chord S.57°09'48"W., 89.63 feet) to a point of compound curvature; thence on a curve to the left, with a radius of 1739.19 feet, and an arc distance of 25.98 feet (chord S.51°44'36"W., 25.98 feet) to a point of compound curvature; thence on a curve to the left, with a radius of 1739.19 feet, and an arc distance of 64.63 feet (chord S.50°15'03"W., 64.63 feet) to a point of compound curvature; thence on a curve to the left, with a radius of 961.89 feet, and an arc distance of 101.05 feet (chord S.39°59'49"W., 101.01 feet); thence S.37°15'05"W., 83.78 feet to a point of curvature; thence on a curve to the right, with a radius of 197.25 feet, and an arc distance of 277.06 feet (chord S.77°29'19"W., 254.84 feet); thence N.62°16'16"W., 4.80 feet to a point of curvature; thence on a curve to the right, with a radius of 245.93 feet, and an arc distance of 288.28 feet (chord N.28°41'24"W., 272.06 feet); thence N.04°53'27"E., 23.15 feet; thence N.81°31'36"E., 5.60 feet; thence N.12°02'25"E., 15.28 feet; thence N.13°04'36"E., 44.81 feet; thence N.09°28'58"E., 45.44 feet; thence N.00°08'27"W., 45.59 feet; thence N.06°00'20"W., 43.42 feet; thence N.15°07'32"W., 44.21 feet; thence N.25°16'54"W., 43.00 feet; thence N.27°27'32"W., 43.42 feet to the point of beginning.

Containing 3.32 acres more or less.

SEE ATTACHED EXHIBIT "B-3".

TOT THIS ETHIBIT MAP IS A COPY OF ETHIBIT MAP B/S-1 PRODUCED BY CEFA (GE. RALEICH AND ASSOCIATES, INC) FOR THE EXISTING KLAWATH COCENERATION PROJECT. FERMISSION WAS DETAINED ON S/10/OI FROM CEFA FOR PROJECT BY ACCOMPANYING LEGAL DESCRIPTION TO FOR THE KLAWATH EXPANSION PROJECT. S 051119" W 154.78

PC redup 521.43": cx-254.78

CH = \$ 221111" W 252.25

11.50.91

15.0.91 5.381107 W 1250.00 PC redup 1975.50'; ar=101.00' D1 = 5.3738'55" W 100.99 98.111 5 1533'56" E | 13349 PC redux-384.05' : or-104.84' Cr = 5 0744'45" E 104.51 5 0034'26" W 102.55 PC redux-724.85' : or-102.67 PC redux-724.85' : or-102.67 NE1/4SW1/4, Cov't Lots 2, PC rodus=205.93'; arc-241.39' OH = \$ 28'41'24" E 227.81 \$ 6276'16" E 4.80 PC rodus=157.25'; arc-270.88' CH = N 4003'33" E 107.37
PC radius=1779:19"; arc=95.58"
CH = N 5039'22" E 95.57 01 = N 7729'19" E 201.16
N 3775'06" E 83.80
PC redus=1001.69"; erc=107.42"
O1 = N 4013'13" E 107.37 PLANT SITE ACCESS ROAD EASEMENT PLANT SITE ACCESS ROAD EASEMENT 35.20 46.24 55.90 49.65 24.90 7-20 PC redits=584.88"; pr=97.00" CH = N 040752" E 95.92 N 007042" E 14.14 PC redits=544.08"; pr=25.92" CH = N 0744'45" W 91.82 N 1533'56" N 91.82 N 1533'56" N 91.82 N 1533'54" E 72.02 PC rodus=173.31; art=90.95;

OH = N 502712; E 89.93

N 3906'48" E 1982.11

PC rodus=1935.50; art=98.96;

OH = N 3739'55" E 98.94

N 3611'03" E 158.91 S 3775'05" W PC rodius-197.25'; c CH = S 7729'19" W N 6276'16" W PC rodus-481.43'; orc-235.23' CH = N ZZDI'II" E 232.90 N 0871'19" E 440.87 A .25.25. N N .25.25. N N .00.00. N i hill Ç E178 - 00 - 277.06 - W 254.84 - 288 23.15 23.15 23.15 43.41 45.44 45.44 45.44 45.44 and A, 0 East, and6 the SW1/4NE1/4 Klamath County, of Section 18, Oregon(FEET) 7 Township 39 South 97 BRUNO CHECKED BY: PACIFICORP POWER MARKETING ACCESS ROAD EASEMENT APPROVED BY: GERA 6/4/01 LAST EDIT: 6/4/01 PLOT DATE: MULLIC KLAMATH EXPANSION PROJECT CK'D APPR DATE BY REVA REVISION EXHIBIT MAP "B-3" KLAMATH COUNTY PROJECT NO. 825523.001 SCALE: 1"=400' DRAWING FILE NAME: SHEET EXPRD85.DWG

EXHIBIT B, PART 4

RAILROAD ACCESS EASEMENT

(EASEMENT DESCRIPTION OBTAINED FROM GERA CONSULTANTS, WRITTEN FOR THE KLAMATH COGENERATION PROJECT. PERMISSION TO USE THERE DATA FOR THE KLAMATH EXPANSION PROJECT WAS GRANTED ON 5/10/2001.)

A PARCEL OF LAND LOCATED IN GOVERNMENT LOTS 2 AND 3 OF SECTION 18, TOWNSHIP 39 SOUTH, RANGE 9 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON. SAID PARCEL OF LAND IS GENERALLY SHOWN ON THE EXHIBIT MAP "B-4" ATTACHED HERETO, AND IS REFERENCED TO THE OREGON COORDINATE SYSTEM, SOUTH ZONE (NAD83/91).

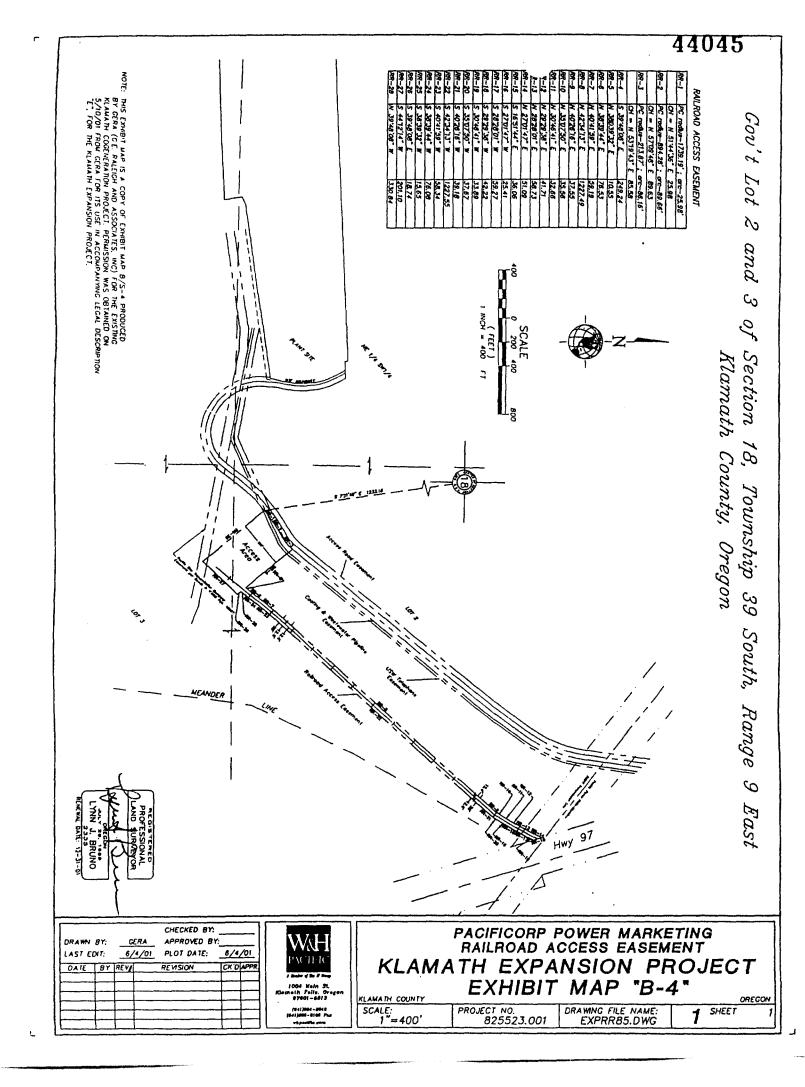


EXHIBIT B, PART 5

POTABLE WATER PIPELINE EASEMENT

AN EASEMENT 15 FEET WIDE OVER AND ACROSS THE NORTHWEST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SECTION 18, TOWNSHIP 39 SOUTH, RANGE 9 EAST AND THE NORTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SECTION 13, TOWNSHIP 39 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON. THE BOUNDARIES OF SAID EASEMENT LIE 7.5 FEET EACH SIDE OF, AND PARALLEL WITH THE CENTERLINE AND ARE TO BE EXTENDED OR SHORTENED TO TERMINATE AT THE KLAMATH EXPANSION PROJECT BOUNDARY LINE ON THE EAST END AND PROPERTY LINES AT THE WEST END OF SAID EASEMENT AS SHOWN ON THE ATTACHED EXHIBIT "D-1". SAID CENTERLINE IS DESCRIBED WITH REFERENCE TO THE KLAMATH COGENERATION PLANT COORDINATE SYSTEM WHICH IS ROTATED 2°46'12" FROM THE OREGON STATE PLANE COORDINATE SYSTEM, SOUTH ZONE (NAD83/91), SAID CENTERLINE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF THE KLAMATH EXPANSION PROJECT THAT BEARS SOUTH 07°55'38" EAST, 1315.59 FEET FROM THE WEST ONE-QUARTER CORNER OF SAID SECTION 18, EVIDENCED BY A 1 1/2" IRON PIPE; THENCE NORTH 79°15'57" WEST, 963.81 FEET; THENCE NORTH 56°45'57" WEST, 22.58 FEET; THENCE NORTH 11°53'01" WEST, 114.84 FEET TO A POINT THAT BEARS SOUTH 39°08'33" WEST, 1291.29 FEET FROM THE WEST ONE-OUARTER OF SAID SECTION 18 AND THE TERMINUS OF THIS EASEMENT.

SAID EASEMENT CONTAINS 16,422 SQUARE FEET, MORE OR LESS.

SEE ATTACHED EXHIBIT "B-5"

