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 Karen E. Jones  
 Stoel Rives LLP  
 900 SW Fifth Avenue, Suite 2600  
 Portland, OR 97204

State of Oregon, County of Klamath  
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 Linda Smith, County Clerk  
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### SUPPLEMENTAL MEMORANDUM OF LEASE

THIS SUPPLEMENTAL MEMORANDUM OF LEASE ("Memorandum") is made and entered into as of the 15th day of August, 2003, by and between COLLINS PRODUCTS LLC, an Oregon limited liability company ("Lessor"), and KLAMATH ENERGY LLC, an Oregon limited liability company ("Lessee").

### RECITALS

A. Lessor and Lessee's predecessor in interest, PacifiCorp Power Marketing, Inc., an Oregon corporation now known as PPM Energy, Inc. ("PPM"), entered into that certain Lease dated May 1, 2001 (the "Lease"), a Memorandum of which was recorded on August 29, 2001, in Vol. M01, Page 44032 of the official records of Klamath County, Oregon. Capitalized terms used in this Memorandum and not otherwise defined have the same meanings ascribed to such terms in the Lease.

B. PPM assigned all of its right, title and interest as lessee in, to and under the Lease to Lessee by that certain Assignment and Assumption of Lease Agreement dated May 15, 2002, recorded on May 17, 2002, in Vol. M02, Page 29622 of the official records of Klamath County, Oregon.

C. Lessor and Lessee now wish to memorialize of record the initial expiration date of the Term of the Lease and the dates of the extension terms, as contemplated in Sections 4.2 and 4.3 of the Lease, as provided in this Memorandum.

### AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

1. Expiration Dates. The "Commencement of Commercial Operation", for all purposes of the Lease, occurred on November 8, 2001. Accordingly, the initial expiration date of the Term of the Lease is November 7, 2003, and the dates of the extension terms under the Lease are as follows:

First Extension Period	November 8, 2003 – November 7, 2008
Second Extension Period	November 8, 2008 – November 7, 2013
Third Extension Period	November 8, 2013 – November 7, 2018

Fourth Extension Period  
Fifth Extension Period

November 8, 2018 – November 7, 2023  
November 8, 2023 – November 7, 2028

Lessee shall have the right but not the obligation to exercise each renewal option by giving notice to Lessor at least ninety (90) days prior to the end of the then-current extension period.

2. Status of Lease. 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. The Lease, as modified by this Memorandum, shall remain in full force and effect.

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

LESSOR:

COLLINS PRODUCTS LLC,  
an Oregon limited liability company

By: Dale A. Slate  
Printed Name: DALE A. SLATE  
Title: VICE PRESIDENT

LESSEE:

KLAMATH ENERGY LLC  
an Oregon limited liability company

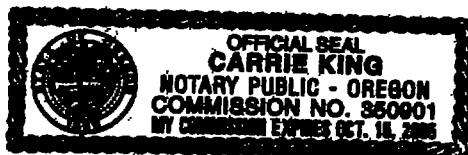
By: Peter C. van Alderwerelt  
Printed Name: Peter C. van Alderwerelt  
Title: Vice President

STATE OF OREGON

ss.

County of KLAMATH

The foregoing instrument was acknowledged before me this 20TH day of AUGUST, 2003, by DALE SLATE, the VICE PRESIDENT of COLLINS PRODUCTS LLC, an Oregon limited liability company on its behalf.



Carrie King  
Notary Public for Oregon  
My Commission Expires 10/15/05

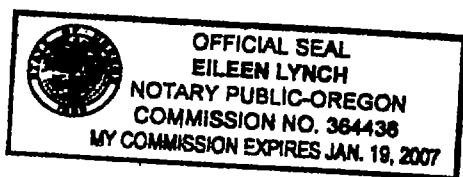
64973


STATE OF OREGON

ss.

County of MULTNOMAH

The foregoing instrument was acknowledged before me this 26 day of AUGUST, 2003, by PETER C. VAN ALDERIKHOUT, the VICE PRESIDENT of KLAMATH ENERGY LLC., an Oregon limited liability company on its behalf.



  
Notary Public for Oregon  
My Commission Expires JANUARY 19, 2007