

After Recording, Return To:

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State of Oregon, County of Klamath
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Linda Smith, County Clerk
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C04-62

(Space above this line for Recorder's use only)

MEMORANDUM OF OPTION

THIS MEMORANDUM OF OPTION (this "Memorandum") is made and entered into as April 1, 2004, by and between COLLINS PRODUCTS LLC, an Oregon limited liability company ("Owner"), and KLAMATH GENERATION LLC, an Oregon limited liability company ("Optionee").

RECITALS

A. Owner and Optionee entered into that certain Agreement of Option to Lease (the "Option"), of even date herewith, which by its terms grants to Optionee an interest in certain land which is more particularly described in Exhibit A attached hereto and incorporated by this reference (the "Premises").

B. Owner and Optionee now wish to enter into this Memorandum which is to be recorded in order that third parties may have notice of the existence of the Option to enter into the Lease covering the Premises, as set forth in the Option and the Lease.

C. Capitalized terms not otherwise defined in this Memorandum shall have the meanings provided in the Option.

NOW THEREFORE, in consideration of the payments and covenants provided in the Option to be paid by Optionee and other good and valuable consideration, Owner and Optionee agree as follows:

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1. Owner and Optionee are parties to the Option to demise and let the Premises upon the terms and conditions more particularly set forth in the Option and the Lease.

2. The Term of the Option shall commence on the Effective Date of the Option and shall expire at 5:00 p.m., Pacific Time on the fifth (5th) anniversary of the Effective Date of the Option, unless the parties to the Option Agreement agree in writing to extend the Term of the Option Agreement.

3. Reference is made to the Option for a full statement of the terms and conditions of the Option and the Lease, all of which are hereby incorporated by reference.

4. This Memorandum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one agreement.

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

[signature page follows]

IN WITNESS WHEREOF, Owner and Optionee have caused this Memorandum to be executed as of the day and year set forth below.

OWNER: COLLINS PRODUCTS LLC

By: *Dale A. Slate*
Name: DALE A. SLATE
Its: VICE PRESIDENT

Date: MARCH 23, 2004

OPTIONEE: KLAMATH GENERATION LLC

John
By: _____
Name: _____
Its: _____
Date: _____

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IN WITNESS WHEREOF, Owner and Optionee have caused this Memorandum to be executed as of the day and year set forth below.

OWNER: COLLINS PRODUCTS LLC

By: _____

Name: _____

Its: _____

Date: _____

OPTIONEE: KLAMATH GENERATION LLC

TO ~~By:~~ Peter C. van Alderwerelt
Name: Peter C. van Alderwerelt
Its: Vice President

Date: April 1, 2004

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STATE OF OREGON)
)ss.
County of KLAMATH)

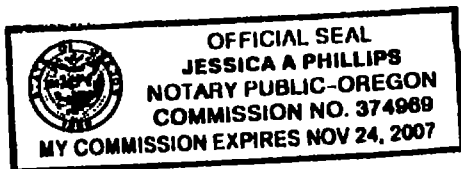
This instrument was acknowledged before me this 23 day of MARCH, 2004,
by DALE SLATE, VP of Collins Products LLC, an
Oregon limited liability corporation, on its behalf.



Carrie King
Notary Public for Oregon
My commission expires: 10/15/05
Commission No.: 350901

STATE OF OREGON)
)ss.
County of Multnomah)

This instrument was acknowledged before me this 1 day of April, 2004,
by Peter C. van Alderwerelt, vice president of Klamath Generation LLC, an
Oregon limited liability corporation, on its behalf.



Jessica A. Phillips
Notary Public for Oregon
My commission expires: 11-24-07
Commission No.: 374969

EXHIBIT A to MEMORANDUM OF OPTION**Legal Description of the Premises**

A TRACT OF LAND SITUATED IN THE EAST ONE-HALF OF THE SOUTHEAST ONE-QUARTER OF SECTION 13, TOWNSHIP 39 SOUTH, RANGE 8 EAST AND IN THE WEST ONE-HALF OF THE SOUTHWEST ONE-QUARTER AND LOT 4 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 WEST ONE-QUARTER CORNER OF SAID SECTION 18, EVIDENCED BY A 1.5 INCH IRON PIPE; THENCE SOUTH 00°55'49" WEST, 1019.88 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 90°00'00" EAST, 250.00 FEET TO A POINT ON THE WESTERLY LINE OF THE KLAMATH COGENERATION PROJECT; THENCE ALONG SAID WESTERLY LINE THE FOLLOWING THREE COURSES: SOUTH 00°00'00" EAST, 12.93 FEET; THENCE SOUTH 89°59'51 WEST, 19.54 FEET; THENCE SOUTH 00°00'31" WEST, 75.74 FEET TO A POINT ON THE BOUNDARY OF THE KLAMATH EXPANSION PROJECT; THENCE LEAVING SAID WESTERLY LINE OF THE KLAMATH COGENERATION PROJECT AND ALONG SAID BOUNDARY LINE OF SAID KLAMATH EXPANSION PROJECT THE FOLLOWING EIGHT COURSES: SOUTH 90°00'00" WEST, 32.45 FEET; THENCE SOUTH 00°00'00" EAST, 333.41 FEET; THENCE NORTH 85°44'50" WEST, 149.41 FEET; THENCE SOUTH 00°00'00" EAST, 444.00 FEET; THENCE NORTH 90°00'00" EAST, 401.00 FEET; THENCE NORTH 00°00'00" EAST, 414.00 FEET; THENCE NORTH 85°41'49" WEST 156.06 FEET; THENCE NORTH 00°00'00" EAST, 71.78 FEET TO A POINT ON THE SOUTHERLY BOUNDARY LINE OF THE KLAMATH COGENERATION PROJECT; THENCE ALONG SAID SOUTHERLY BOUNDARY LINE OF THE KLAMATH COGENERATION PROJECT THE FOLLOWING FOUR COURSES: SOUTH 72°24'57 EAST, 141.06 FEET; THENCE SOUTH 85°51'20" EAST, 369.12 FEET; THENCE SOUTH 00°00'00" EAST, 59.70 FEET; THENCE NORTH 90°00'00" EAST, 660.90 FEET; THENCE LEAVING SAID KLAMATH COGENERATION PROJECT BOUNDARY SOUTH 05°54'30" EAST, 61.67 FEET; THENCE NORTH 84°37'10" EAST, 95.83 FEET TO A POINT WHICH BEARS SOUTH 37°35'18" WEST, 1765.92 FEET FROM THE CENTER ONE-QUARTER CORNER OF SAID SECTION 18, SAID ONE-QUARTER CORNER IS EVIDENCED BY A 2 INCH IRON PIPE; THENCE SOUTH 01°19'52 EAST, 590.08 FEET; THENCE SOUTH 40°22'46" WEST, 135.76 FEET; THENCE SOUTH 88°49'01" WEST, 236.64 FEET; THENCE NORTH 84°22'28" WEST, 472.99 FEET; THENCE NORTH 85°31'29" WEST, 271.62 FEET; THENCE NORTH 86°31'45" WEST, 244.14 FEET; THENCE NORTH 00°00'00" EAST, 99.74 FEET; THENCE NORTH 90°00'00" WEST, 383.77 FEET; THENCE NORTH 00°00'00" EAST, 718.35 FEET; THENCE NORTH 90°00'00" EAST, 120.14 FEET; THENCE NORTH 00°00'00" EAST, 336.65 FEET TO THE TRUE POINT OF BEGINNING.

SAID PARCEL CONTAINS 26.02 ACRES, MORE OR LESS.

SEE ATTACHED EXHIBIT MAP "C-1"

