

05 JUN 09 AM 10:51

MTT-1396-6984

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When Recorded Return To:
Peoples Energy Resources Corp.
130 East Randolph Drive
Chicago, Illinois 60601
Attention: John Nassos

State of Oregon, County of Klamath
Recorded 06/09/05 10:51 a m
Vol M05 Pg 42895-98
Linda Smith, County Clerk
Fee \$ 36.00 # of Pgs 4

MEMORANDUM OF OPTION AGREEMENT

OPTIONOR:

1. Mary Rutherford

OPTIONEE:

1. PEOPLES ENERGY RESOURCES CORP.

LEGAL DESCRIPTION:

1. Legal description is in Exhibit A of document

Assessor's Property Tax Parcel Account No. - 3911-00000-04701-000

AMERITITLE has recorded this
instrument by request as an accommodation only,
and has not examined it for regularity and sufficiency
or as to its effect upon the title to any real property
that may be described therein.

MEMORANDUM OF OPTION

THIS MEMORANDUM OF OPTION ("**Memorandum**") is made and entered into as of the 10 day of December, 2001, by and between **MARY RUTHERFORD**, a married woman, in her individual capacity, whose address is 6165 W. Langell Valley Road, Bonanza, Oregon 97623 ("**Seller**"), and **PEOPLES ENERGY RESOURCES CORP.**, a ILL corporation, whose address is 130 East Randolph Drive, Chicago, Illinois, 60601, or its nominee ("**Purchaser**").

RECITALS

A. Seller and Purchaser entered into a certain Option and Purchase and Sale Agreement dated Dec 10, 2001 ("**Option Agreement**"), wherein Seller granted to Purchaser an exclusive option to purchase certain real property in Klamath County, Oregon. Pursuant to the Option Agreement, Seller granted Purchaser an exclusive and irrevocable option to purchase the real property described in the attached Exhibit A (the "**Property**").

B. The parties desire to place this Memorandum of record to provide notice to third parties of the existence of the Option Agreement and Purchaser's rights to purchase the Property, but do not desire to place all of the terms and provisions of the Option Agreement of record.

WITNESSETH

That for good and valuable consideration more particularly described in the Option Agreement, the receipt of which is hereby acknowledged by Seller, the parties hereby state and agree as follows:

1. **Grant of Options; Option Period.** Commencing on _____, 200__, and, if extended, expiring on _____, 200__ ("**Option Period**"), Purchaser has a right and option to purchase the Property and Seller does hereby grant to Purchaser the right and option to purchase the Property, in accordance with the terms and conditions of the Option Agreement. At any time during the Option Period, Purchaser may give Seller its written notice of its intent to exercise the option.

2. **Reference to and Incorporation of Option Agreement.** Reference is made to the Option Agreement for a complete and definitive statement of the terms of the rights and obligations of Seller and Purchaser thereunder. Unless defined otherwise herein, capitalized terms used in this Memorandum shall have the meanings ascribed to them in the Option Agreement, which definitions are incorporated herein by reference. This Memorandum is subject to the terms and conditions of the Option Agreement which is incorporated herein by reference. This Memorandum shall not be construed to modify or amend the Option Agreement in any respect.

3. **Counterparts.** This Memorandum may be executed in a number of separate counterparts, each of which, when executed and delivered, shall be deemed an original, but all of which shall constitute one and the same instrument. All signatures of the Seller and Purchaser need not be on the same counterpart.

IN WITNESS WHEREOF, Seller and Purchaser have duly executed and delivered this Memorandum as of the day, month and year first above written.

SELLER:

Mary Rutherford
Print Name: **MARY RUTHERFORD**

PURCHASER:

PEOPLES ENERGY RESOURCES CORP.
a Illinois corporation

By: Paul Turner
Print Name: Paul Turner
Its: Managing Director

STATE OF OREGON

SS.

County of Klamath

This instrument was acknowledged before me on November 6, 2001, by MARY RUTHERFORD.

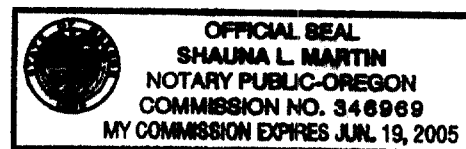
Shauna L. Martin

Notary Public for Oregon

STATE OF Arizona

SS.

County of Maricopa



This instrument was acknowledged before me on Dec. 10, 2001, by Paul Turner, as Managing Director of PEOPLES ENERGY RESOURCES CORP., a Illionis corporation.



Cara L. Kinser
Notary Public for Oregon Arizona

42898

EXHIBIT "A"

LEGAL DESCRIPTION

Map Tax Lot R-3911-00000-04701-000, TWP 39 RNGE 11, Block SEC 22, Tract POR
NE4SE4, Acres .23

Map Tax Lot R-3911-00000-4801-000, TWP 39 RNGE 11, Block SEC 22, Tract POR SE4,
Acres 51.82, MS X# 184221

(Legal Description from Survey to be attached when Survey completed.)