

05 JUN 09 10:51

MTC-1396-6985

Vol M05 Page 42899

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 10:51a m
Vol M05 Pg 42899-904
Linda Smith, County Clerk
Fee \$ 46.00 # of Pgs 6

MEMORANDUM OF OPTION AGREEMENT

OPTIONOR:

1. Marcia B. Barthelow, Joan B. Moeller and Anne Talbott

OPTIONEE:

1. PEOPLES ENERGY RESOURCES CORP.

LEGAL DESCRIPTION:

1. Legal description is in Exhibit A of document

Assessor's Property Tax Parcel Account No. - 3911-00000-05500

- 3911-00000-05700
- 3911-00000-05800
- 3911-00000-06000
- 3911-00000-06100
- 3911-00000-06200
- 3911-00000-06800
- 3911-01300-01100
- 3911-01300-01200
- 3911-01300-01300
- 3912-00000-03700
- 3912-00000-03800
- 3911-00000-06300

AMERITITLE, has recorded this instrument by request as an accomodation 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.

460 am

This document prepared by and after
recording should be delivered to:

Mark Feichtinger
Stoel Rives LLP
805 Broadway
Suite 725
Vancouver, WA 98660

42900

EXECUTION COPY

MEMORANDUM OF OPTION

THIS MEMORANDUM OF OPTION ("**Memorandum**") is made and entered into as of the 30 day of July, 2002, by and between **MARCIA B. BARTHELOW, JOAN B. MOELLER, and ANNE TALBOTT** (collectively, "**Seller**"), and **PEOPLES ENERGY RESOURCES CORP., an Illinois 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 7-30, 2002 ("**Option Agreement**"), wherein Seller granted to Purchaser an exclusive option to purchase certain real property in Klamath County, Oregon and certain rights to water. Pursuant to the Option Agreement, Seller granted Purchaser an exclusive and irrevocable option to purchase the 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 April 1, 2002, and, if extended, expiring on October 30, 2004 ("**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:

Marcia B. Barthelow
Print Name: **Marcia B. Barthelow**

Joan B. Moeller
Print Name: **Joan B. Moeller**

Anne Talbott
Print Name: **Anne Talbott**

PURCHASER:

PEOPLES ENERGY RESOURCES CORP.
an Illinois corporation

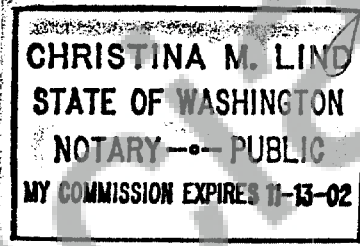
By: Paul Turner
Print Name: Paul Turner
Its: Managing Director

STATE OF Washington
County of King

SS.

This instrument was acknowledged before me on July 25, 2002, by MARCIA B. BARTHELOW.

Christina M. Lind
Notary Public for Washington State



STATE OF New Jersey
County of Burlington

SS.

This instrument was acknowledged before me on July 24th, 2002, by JOAN B. MOELLER.

Millicent J. Holt
Notary Public for New Jersey

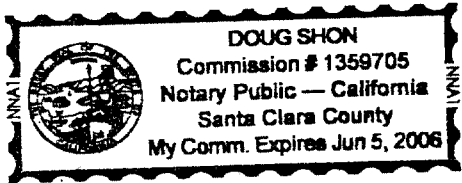


STATE OF Ca.
County of Santa Clara

SS.

This instrument was acknowledged before me on July 13, 2002, by ANNE TALBOTT.

[Signature]
Notary Public for Ca.



STATE OF Arizona

42903

SS.

County of Maricopa

This instrument was acknowledged before me on July 30, 2002, by Paul Turner, as Managing Director of PEOPLES ENERGY RESOURCES CORP., an Illinois corporation.

Notary Public State of Arizona
Maricopa County
Sandra Cortez
Expires January 23, 2006

Sandra Cortez
Notary Public for Arizona State

Unofficial Copy

EXHIBIT "A"
LEGAL DESCRIPTION

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

Assessor's Property Tax Parcel Account Numbers:

3911-00000-05500-000
3911-00000-05700-000
3911-00000-05800-000
3911-00000-06000-000
3911-00000-06100-000
3911-00000-06200-000
3911-00000-06800-000
3911-01300-01100-000
3911-01300-01200-000
3911-01300-01300-000
3912-00000-03700-000
3912-00000-03800-000
~~3911-00000-06300-000~~

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Copy