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MT-1396-4988

For Recorder's Use Only

Vol M05 Page 42934

State of Oregon, County of Klamath

Recorded 06/09/05 10:52 a m

Vol M05 Pg 42934-47

Linda Smith, County Clerk

Fee \$ 91.00 # of Pgs 14

After recording return to:  
Peoples Energy Resources Corp  
130 East Randolph Drive  
Chicago, ILL 60601

Attention: John Nassos

MEMORANDUM OF EXTENSION OF OPTION AND EASEMENT AGREEMENT  
COVER SHEET

*(First Party)*

Richard Sacchi

*(Second Party)*

Peoples Energy Resources Company, LLC,  
successor to Peoples Energy Resources Corp.

The Option and Easement Agreement was dated on October 22, 2002.

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.

PortInd2-4517148.1 0012166-00001

86.00  
+50.00  
= 136.00

## EXTENSION OF OPTION AND EASEMENT AGREEMENT

This Extension of Option and Easement Agreement ("Extension Agreement") is entered into between **Richard Sacchi**, an individual ("Owner") and **Peoples Energy Resources Company, LLC**, fka Peoples Energy Resources Corp., an Illinois corporation ("PERC") effective as of May 8, 2005 ("Effective Date of Extension").

The parties agree as follows:

1. **RECITALS.** The parties declare the following is true: Owner and PERC entered into an Option and Easement Agreement ("Agreement") regarding certain real property located in Klamath County, Oregon. PERC was formerly known as Peoples Energy Resources Corp. ~~The Agreement was recorded in the Deed Records of Klamath County, Oregon, Vol. \_\_\_\_\_, Page \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 2002.~~ The following terms have the same meanings as in the Agreement: Effective Date, Owner, Extended Option, Option Fees, Final Payment, Utility Improvements, and Easement Area. PERC means Peoples Energy Resources Company, LLC. Owner continues to own the real property described on Exhibit A to the Agreement. PERC has paid the Option Fees to Owner, but PERC has not paid the Final Payment to Owner and has not notified Owner of its intent to install the Utility Improvements. PERC has recorded an amendment to the Agreement for the purpose of more specifically describing the Easement Area. Such amendment is recorded in the Deed Records of Klamath County, Oregon, Vol. \_\_\_\_\_, Page \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 2002.

The parties have agreed to amend the Agreement by (i) increasing the Final Payment to Three Hundred Ninety Thousand Dollars (\$390,000); and (ii) extending the Termination Date to May 8, 2007.

2. **FINAL PAYMENT.** The Final Payment will be an amount equal to Three Hundred Ninety Thousand Dollars (\$390,000).

3. **EXTENSION.** The Termination Date and the term of the Agreement are extended for two consecutive 1-year option periods, with the first such option period commencing May 8, 2005, and the second option period expiring May 8, 2007.

4. **CONSIDERATION.** As consideration for executing this Agreement and extending the term through May 8, 2006, PERC has paid to Owner the sum of Forty Thousand Dollars (\$40,000), receipt of which Owner acknowledges. The sum of Forty Thousand Dollars (\$40,000) is nonrefundable and shall not be credited toward the Final Payment and is the initial consideration for this Extension.

If PERC intends to construct the Utility Improvements, PERC shall notify Owner of its intention to construct the Utility Improvements on or before Midnight on May 8, 2006. If PERC so notifies Owner of its intent to construct the Utility Improvements, PERC shall pay to Owner the unpaid remainder of the Final Payment of Three Hundred Ninety Thousand Dollars

**EXTENSION OF OPTION AND EASEMENT AGREEMENT Page 1**

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(\$390,000). PERC shall pay to Owner such unpaid remainder of the Final Payment for the construction of the Utility Improvements before it begins construction. Notice to Owner or delivery of the Final Payment may be made by personal delivery or by first class U.S. mail at the address set forth by Owner's signature. If PERC fails to send Owner notice on or prior to May 8, 2006 to either extend the term as set forth below or to construct the Utility Improvements (i) the Agreement and this Extension Agreement shall terminate, (ii) Owner shall retain the Option Fees and (iii) PERC will, upon request, execute and record an appropriate document releasing its rights under the Agreement and this Extension Agreement.

In the event PERC has not notified Owner of its intention to install the Utility Improvements prior to May 8, 2006, PERC shall have the option of extending this Extension Agreement for one additional year, through May 8, 2007. In the event PERC intends to extend this Extension Agreement through May 8, 2007, PERC shall notify Owner of its intent, on or before May 8, 2006, and must pay Owner the further sum of Forty Thousand Dollars (\$40,000), on or before May 8, 2006. The second payment of Forty Thousand Dollars (\$40,000) is nonrefundable and shall not be credited towards the Final Payment.

In the event PERC has extended this Extension Agreement through May 8, 2007, and in the event PERC intends to install the Utility Improvements, PERC shall notify Owner of its intention to install the Utility Improvements on or before Midnight of May 8, 2007. If PERC so notifies Owner of its intent to construct the Utility Improvements, PERC shall pay to Owner the unpaid remainder of the Final Payment of Three Hundred Ninety Thousand Dollars (\$390,000). PERC shall pay to Owner the unpaid remainder of the Final Payment for the construction of the Utility Improvements before it begins construction. Notice to Owner or delivery of the Final Payment may be made by personal delivery or by first class U.S. mail at the address set forth by Owner's signature. If PERC fails to send Owner notice on or prior to May 8, 2007 to construct the Utility Improvements (i) the Agreement and this Extension Agreement shall terminate, (ii) Owner shall retain the Option Fees and (iii) PERC will, upon request, execute and record an appropriate document releasing its rights under the Agreement and this Extension Agreement.

5. **OTHER TERMS.** All terms of the Agreement, except as amended herein, are ratified and confirmed.

6. **FINAL AGREEMENT.** This Extension Agreement (including the documents and instruments referred to in this Extension Agreement) constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior understandings and agreements, whether written or oral, among the parties with respect to such subject matter.

7. **COUNTERPARTS.** This Agreement may be executed in counterparts, each of which will be considered an original and all of which together will constitute one and the same agreement.

8. **PREPARATION.** This Extension Agreement has been prepared by Mark R. Feichtinger on behalf of PERC. Owner has been represented by counsel of its choice.

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OWNER:

Richard Sacchi

RICHARD SACCHI

Address for Notice: P.O. Box 313  
Malin, Oregon 97632

STATE OF OREGON            )  
                                          )       ss.  
County of Klamath         )

On this 29<sup>th</sup> day of April, 2005, before me personally appeared RICHARD SACCHI and acknowledged to me that he executed the foregoing Extension Agreement freely and voluntarily.



Kay Neumeier  
Notary Public for Oregon  
My Commission Expires: April 20, 2008

PEOPLES ENERGY RESOURCES COMPANY, LLC

An Illinois Corporation

By: Paul Turner

Name: PAUL TURNER

Title: Managing Director

STATE OF OREGON )

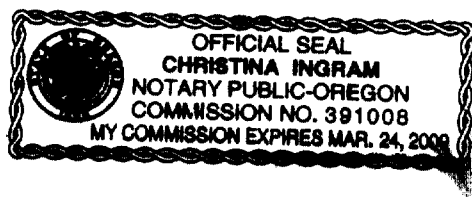
)

ss.

County of Klamath )

On this 28 day of April, 2005 before me personally appeared PAUL TURNER as Managing Director of PEOPLES ENERGY RESOURCES COMPANY, LLC, an Illinois corporation, and acknowledged to me that he executed the foregoing Extension Agreement freely and voluntarily.

Christina Ingram  
Notary Public for Oregon  
My Commission Expires: 3-24-2009



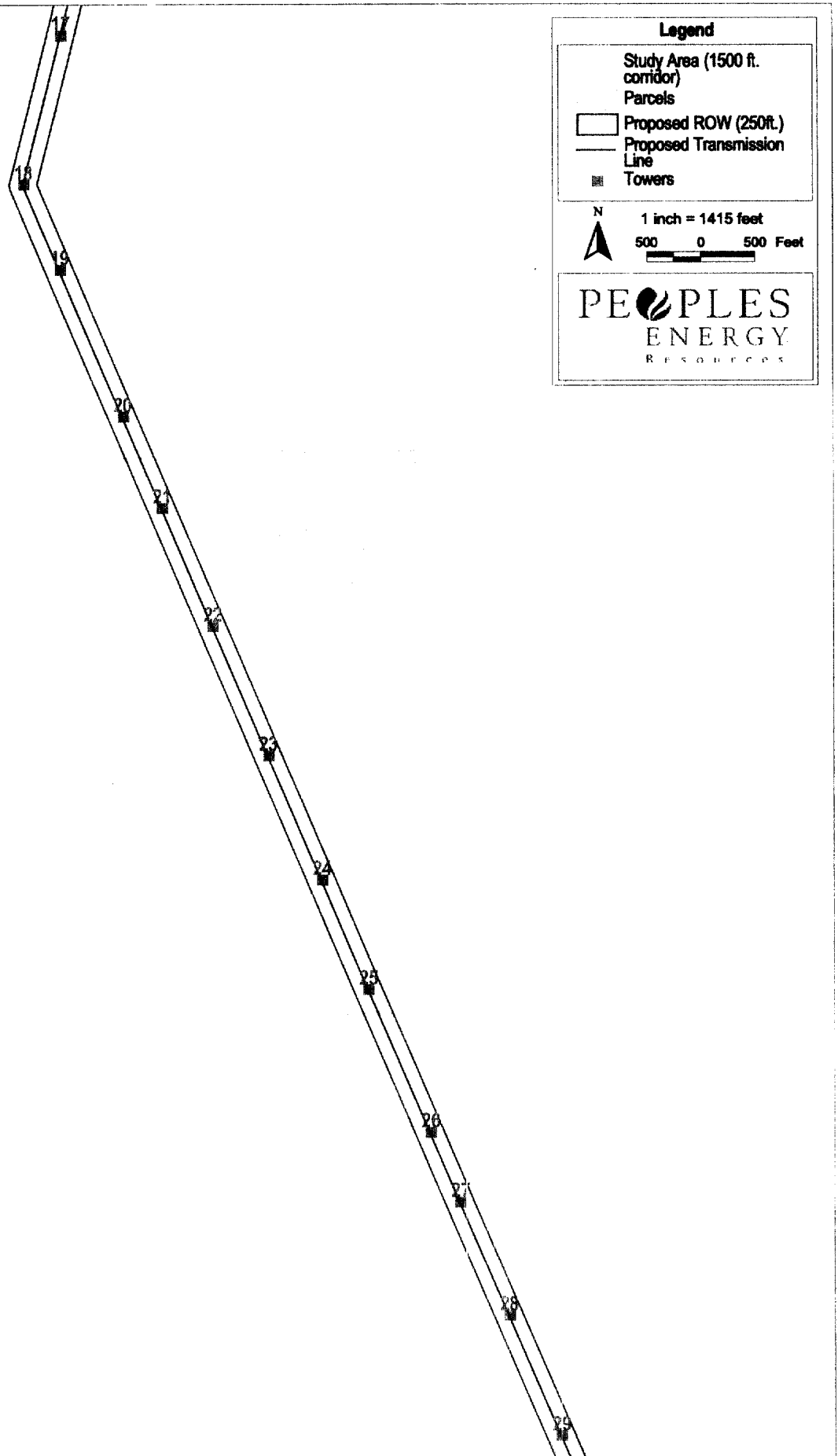
**42939**

**EXHIBIT A**

**LEGAL DESCRIPTION**

| <b>Tax Lot ID</b> | <b>Map Tax Lot</b>     |
|-------------------|------------------------|
| 55436             | R-4012-00000-03200-000 |
| 55622             | R-4012-00000-04300-000 |

**(Legal description will be provided upon completion of survey)**



## FIRST AMENDMENT TO OPTION AND EASEMENT AGREEMENT

This First Amendment to Option and Easement Agreement (this "Amendment") is entered into between **Richard Sacchi**, an individual ("Owner") and **Peoples Energy Resources Corp.**, an Illinois corporation ("PERC"), effective as of October ~~2~~<sup>2</sup>, 2002 (the "Effective Date").

A. By that certain Option and Easement Agreement dated May 8, 2002 (the "Option Agreement"), Owner granted to PERC an option to acquire certain right of way and easement rights over, under, across, on, along and through the land described on Exhibit A attached thereto.

B. The right of way and easement rights in which the Utility Improvements (as defined in the Option Agreement) are to be located are more particularly described on Exhibit B to the Option Agreement, with such area described on Exhibit B being referred to as the "Easement Area".

C. Owner and PERC now desire to amend the Option Agreement to (i) add an additional parcel of land to the description of the land contained in Exhibit B, (ii) modify the description of the Easement Area by substituting a revised Exhibit B that more specifically describes the location of the Easement Area and (iii) modify the terms of the payment to be made by PERC to Owner upon PERC's election to construct the Utility Improvements.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter contained and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Option Agreement.
2. Amendments to Option Agreement. The Option Agreement is hereby amended as follows:
  - (a) The description of the land set forth in Exhibit A to the Option Agreement is hereby amended and restated in its entirety as set forth in Exhibit A to this Agreement.
  - (b) The description of the Easement Area set forth in Exhibit B to the Option Agreement is hereby amended and restated in its entirety as set forth in Exhibit B to this Amendment.
  - (c) The amount of the Final Payment set forth in the Option Agreement is



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hereby increased from \$130,000.00 to \$230,000.00.

3. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
4. Effect of Amendment. Except as expressly set forth in this Amendment, all of the terms and conditions of the Option Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the Effective Date.

OWNER:

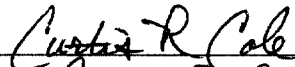
  
RICHARD SACCHI

Address for notice to Owner:

P.O. Box 313

Malin, Oregon 97632

PEOPLES ENERGY RESOURCES CORP.

By:   
Name: CURTIS R COLE  
Title: VICE PRESIDENT

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STATE OF OREGON

County of Klamath

SS.

On this day personally appeared before me Richard Wayne Sacchi, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that (s)he signed the same as his/her free and voluntary act for the uses and purposes therein mentioned.

Given under my hand and official seal this 23<sup>rd</sup> day of October, 2002



Signature: Lana Kautzman

Name (Print): LANA KAUTZMAN

NOTARY PUBLIC in and for the State of Oregon,  
residing at Klamath Falls, OR  
My appointment expires: November 13, 2005

STATE OF Arizona

County of Maricopa

SS.

This instrument was acknowledged before me on October 25, 2002, by Curtis Cole as Vice President 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

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**EXHIBIT A**

**LEGAL DESCRIPTION**

| <b>Map Tax Lot</b>            |
|-------------------------------|
| <b>R-4012-00000-03200-000</b> |
| <b>R-4012-00000-04300-000</b> |
| <b>R-4012-00000-04100-000</b> |

**(Legal description will be provided upon completion of survey)**

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**EXHIBIT B**  
**EASEMENT AREA**

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SACCHI RICHARD  
R-4012-00000-03200-000  
Zone = FR  
ROW Acres = 19.97  
# of Towers = 4

SACCHI RICHARD  
R-4012-00000-04300-000  
Zone = FR  
ROW Acres = 3.95  
# of Towers = 0

 Proposed Transmission Line  
 Sacchi Parcel



1 inch = 665 feet

0 800 1600 Feet

**Individual Parcel Map**  
*Sacchi Properties*  
**COB Energy Facility**

**PEOPLES**  
ENERGY  
RESOURCES

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SACCHI RICHARD  
R-4012-00000-04100-000  
Zone = F  
ROW Acres = 2.38  
# of Towers = 0

 Proposed Transmission Line  
 Sacchi Parcel



1 inch = 665 feet

0 400 800 Feet

**Individual Parcel Map**  
*Sacchi Properties*  
COB Energy Facility

**PEOPLES**  
ENERGY  
RESOURCES