

Upon recordation return to:

The New Algae Company
565 Century Court
Klamath Falls, OR 97601

TENANT'S MEMORANDUM OF LEASE

This TENANT'S MEMORANDUM OF LEASE is made this 16th day of February, 2006, by THE NEW ALGAE COMPANY, an Oregon corporation ("Tenant"), tenant to MARTA C. CARPENTER, an individual ("Landlord").

WITNESSETH:

1. Notice. Notice is hereby provided that Landlord and Tenant are party to a Commercial Lease Agreement (the "Lease") concerning a portion of a ranch located in Klamath Falls, Oregon generally known as the Stone House Ranch (the "SHR"). The SHR is located at 2856-2880 Lake Shore Drive in Klamath Falls, Oregon 97601, as more particularly described hereto on Exhibit A. The Lease concerns only a portion of the SHR known as the Harvest Area, which area is more particularly described in the Lease. The Lease does not concern the entirety of the SHR.

2. Term. The term of the Lease is for a period of ten (10) years commencing on October 1, 2005. Tenant has the right under the Lease to renew and extend the term of the Lease for a renewal term of ten (10) years.

3. Incorporation of Lease. All terms and conditions of the Lease are hereby incorporated herein by reference as if fully set forth herein.

4. Conflicts with Lease. This Memorandum of Lease is solely for notice and recording purposes and shall not be construed to alter, modify, expand, diminish or supplement the provisions of the Lease. In the event of any inconsistency between the provisions of this Memorandum of Lease and the provisions of the Lease, the provisions of the Lease shall govern.

5. Reservation of Rights. Neither the Lease nor this memorandum shall be construed as a waiver of any claim or right that Tenant may have to the SHR, or any portion thereof, independent of the Lease.

IN WITNESS WHEREOF, Tenant has executed this instrument this 6 day of February, 2006.

TENANT:

THE NEW ALGAE COMPANY, an
Oregon corporation

By: Bob Underwood
Its: Chief Administrative Officer

By: Robert W "Bob" Underwood _____
DATE

STATE OF ALABAMA)
) ss.
COUNTY OF Baldwin)

This instrument was acknowledged before me on February 6, 2006, by Bob Underwood, as President and Chief Executive Officer of New Algae.

Ruth Anne Partain
Notary Public for Alabama
My commission expires: _____

NOTARY PUBLIC STATE OF ALABAMA AT LARGE
MY COMMISSION EXPIRES: Jan 12, 2008
FORGED THRU NOTARY PUBLIC UNDERWRITERS

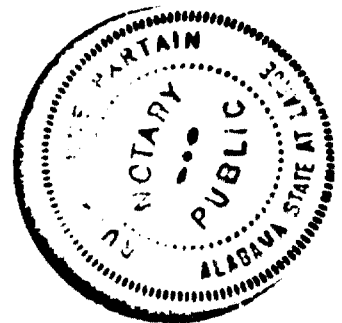


EXHIBIT A

DESCRIPTION OF THE LAND

The page that follows contains a legal description for the SHR. This Lease applies only to a portion of the SHR known as the Harvest Area, which area is used by New Algae for harvesting operations.

Stone House Ranch

TOWNSHIP 38 SOUTH, RANGE 8 EAST OF THE WILLAMETTE MERIDIAN

Section 10: Lot 4, NW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 11: Lot 1

Section 14: Lots 1, 2, 3, 4, 5, 6 and W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 15: N $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, Lots 1, 6 7 and 8, EXCEPTING THEREFROM: Beginning at a 5/8 inch rebar with cap, marking the center quarter of Section 23, Township 38 South, Range 8 East of the Willamette Meridian, Klamath County, Oregon, said center quarter also being the Northwest corner of that parcel of land shown as Parcel 1 on record survey 1571 as filed in the Klamath County Surveyor's Office, Klamath County, Oregon; thence North 20°05'27" West 7745.10 feet to a 5/8 inch rebar; said 5/8 inch rebar being the true point of beginning; thence North 17°08'43" East to a 5/8 inch rebar; thence South 78°35'53" West 704.19 feet to a 5/8 inch rebar; thence South 17°08'43" West 704.15 feet to a 5/8 inch rebar; thence North 78°35'53" East 704.19 feet to the true point of beginning.

Section 22: Lot 9

Section 23: Lots 7, 8, 9 and NE $\frac{1}{4}$ NW $\frac{3}{4}$; also all those portions of Lots 1, 3, and 10 which lie North of the Rock Creek Road and Northwest of the following described lines Beginning at a point in the North boundary of the Rock Creek Road which is South 27°44' West from the Southeast corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, thence North 27°44' East to said Southeast corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 23.

ALSO, all those parts of Lots 2 and 5 of Section 15 and Lot 1 of Section 22 that lie North and East of the following described line: Beginning at the Northeast corner of Lot 3 of said Section 22; thence Northerly along the section line between Sections 22 and 23, 1435 feet to the center of "The Neck"; thence North 38°61' West along "The Neck" 4145 feet, more or less, to an intersection with the North and South center line of said Section 15; thence Northerly along said center line of Section 15 to the quarter section corner on the North boundary of said Section 15.