



00040827200800024850050057

02/28/2008 08:49:12 AM

Fee: \$41.00

RECORDING REQUESTED BY,  
AND WHEN RECORDED RETURN TO:

Raser Power Systems, LLC  
5152 North Edgewood Dr.  
Provo, Utah 84604

Recorder's Use

## MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE ("Memorandum") is executed this 18th day of January, 2008, by Liskey Farms, Inc., with an address of 4650 Lower Klamath Lake Road, Klamath Falls, OR 97603 ("Lessor") and Raser Power Systems, LLC, with an address of 5152 North Edgewood Dr., Provo, Utah 84604 ("Lessee").

A. Lessor and Lessee executed that certain Geothermal Resources Lease dated of even date herewith ("Lease"), whereby Lessee has the exclusive right and privilege to drill for, extract, produce, remove, utilize, sell, and dispose of all forms of thermal energy and other associated geothermal resources (as more particularly defined in the Lease, the "Leased Substances"), produced or generated during all such operations that are contained within the leased lands, said lands being more particularly described in Exhibit A (the "Leased Lands"). The Lease has an initial term of TEN (10) years, and may extend thereafter into perpetuity as long as Leased Substances are being produced or generated in commercial quantities from the Leased Lands or from lands pooled or unitized with the Leased Lands, or may be extended as long as certain other conditions are met as required under the Lease, including the Lessee's option to further extend the initial term of the Lease as provided by the terms of the Lease. Subject to the terms of the lease document, this Lease will terminate after three (3) years from the date of execution if Lessee has not initiated the process of obtaining those permits under pertinent state and federal law necessary for conducting Geothermal development or if the project as proposed by lessee to lessor at the signing of this agreement is not in full production within ten years from the date of this agreement.

B. Lessee has the right, in connection with operations on the Leased Lands, to locate and drill wells, whether directional or otherwise, under, through and across the Leased lands, together with the right to develop water resources and to erect and construct those facilities necessary and convenient for the purpose of producing the Leased Substances. Lessee has the right to construct and maintain rights-of-way and access easements over, across and through the Leased Lands. Upon the expiration or termination of the Lease, the Lessor shall provide separate, written rights-of-way or easements to the Lessee to maintain continued access to lands in the vicinity of the Leased Lands, such rights-of-way or easements to be produced in recordable form to provide evidence of such rights in the applicable county real property records. In furtherance thereof, Lessee has the authority to unilaterally record easements for existing facilities upon termination of the Lease in the event Lessor fails to provide such easements as provided above and in the Lease, within thirty (30) days of Lessee's request. If Lessee engages

Rt ofc Harrison Eng

in directional drilling or if Lessee continues use of the Leased Lands after the expiration or termination of the Lease, Lessor is not entitled to production royalties unless such activity is in connection with pooling or unitization or as otherwise provided for in the Lease, but Lessor is entitled to certain rental payments for continued use of the Leased Lands as set forth in the Lease. Lessee has the right to use the surface in connection with the support of unit operations, and in the event the Lease Lands or any portion thereof are removed from the unit area by contraction, cancellation, or termination, all such existing surface uses of the Leased Lands shall continue in force and effect, and the Lessor shall provide to Lessee written and recordable rights-of-way or easements to evidence such existing surface uses in support of unit operations.

C. Lessee has a right of first refusal for all top lease offers for the Leased Substances. Any potential purchaser or lessee of the Leased Substances in the Leased Lands should first consult with Lessor and Lessee regarding the restrictions on leasing or transfer of such minerals contained in the Lease.

D. The terms and conditions of the Lease are hereby incorporated into this Memorandum, as if set forth in full herein, and Lessor hereby consents to the recording of this Memorandum to serve as constructive notice of the terms and conditions of the Lease and Lessee's right to conduct the above described activities on the Leased Lands. Where there may be a conflict between the terms of the lease and the terms of this memorandum the terms of the lease shall prevail. Any instrument recorded against the Leased Lands shall be subject to the Lease, and Lessee's lease rights described thereunder. The general terms of the Lease may be obtained by contacting Lessee at the above address, and any assignee of the Lessee's rights hereunder shall maintain a copy of the Lease available for review.

IN WITNESS WHEREOF, the parties have executed this Memorandum as of the date first above written.

**LESSOR:**

**LISKEY FARMS, INC.**

an Oregon Domestic Business Corporation

By: Tracy Liskey  
Name: Liskey Farms Inc Tracy Liskey  
Title: Vice-Pres

**LESSEE:**

**RASER POWER SYSTEMS, LLC**

a Delaware limited liability company

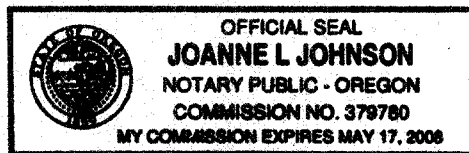
By: Brent M. Cook  
Name: Brent M. Cook  
Title: Manager

Unofficial Copy

STATE OF OREGON )

) ss.

COUNTY OF KLAMATH )



The foregoing instrument was acknowledged before me this 18 day of January, 2008, by Tracey Liskey, as Vice President of Liskey Farms, Inc., an Oregon Domestic Business Corporation.

Witness my hand and official seal.

My commission expires May 17, 2008

Joanne L. Johnson  
Notary Public

STATE OF ~~OREGON~~ Utah )

) ss.

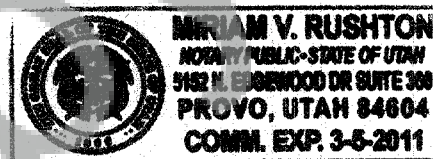
COUNTY OF Utah )

The foregoing instrument was acknowledged before me this 29 day of Jan, 2008 by Brent McCool, as \_\_\_\_\_ of Raser Power Systems, LLC, a Delaware limited liability company.

Witness my hand and official seal.

My commission expires 3/5/2011

Miriam V. Rushton  
Notary Public



**EXHIBIT A**  
**to Memorandum of Lease**

**LEGAL DESCRIPTION**

The following described premises is situated in Klamath County, Oregon, namely:

That part of the East half of Section 33, Township 40 South, Range 9 East Willamette Meridian lying Easterly of the following described line: Beginning at a point on the Northerly line of said Section 33 which lies North 89° 58' East 1595.8 feet from the quarter section corner on the said Northerly line of said section, and running thence South 0° 01' West along the centerline of a drain as the same is now located for a distance of 5252.2 feet to a point on the southerly line of said Section 33, said line being the Easterly line of property heretofore conveyed by grantors to W.S. Edwards and Anola Edwards.

Also, West half of Northwest quarter; Southwest quarter; West half of Southeast quarter; Southeast quarter of Southeast quarter and Northeast quarter of Northeast quarter; and Lots 1, 2, 3, 4, 5, 6, 7, and 8, all in Section 34; Lots 3, 4, 5 and 6 in Section 35, all in Township 40 South Range 9 East Willamette Meridian;

Also, a piece or parcel of the Southwest quarter of Northwest quarter and Lots 1 and 2 of Section 35, Township 40 South, Range 9 East Willamette Meridian, Klamath County, Oregon, containing 34.5 acres, more or less, and more fully described as follows;

Beginning at the intersection of the township line marking the southerly boundary of the said Section 35, with the southwesterly boundary of the right of way of the Lower Lake County Road, as the same is now located and constructed, said point of intersection being 241.9 feet more or less, westerly from the quarter section corner on the southerly boundary of the said Section 35, and running thence Westerly along said township line 812.2 feet, more or less, to the Meander corner on said township line as established by the survey of 1858, and running thence Northerly along the Meander line of the said Survey of 1858, N. 31° 45' W. 990.0 feet; thence N. 21° 30' W. 1089.0 feet; thence North 79.2 feet; thence N. 53° 00' W. 561.0 feet; thence N. 62° 30' W. 275.2 feet, more or less, to the Meander Corner as established by the said Survey of 1858, on the section line marking the Westerly boundary of the said Section 35; thence Northerly along the said section line marking the Westerly boundary of the said Section 35, 750 feet, more or less, to its intersection with the said Southwesterly boundary of the right of way of the said Lower Lake County Road; thence Southeasterly along said right of way boundary 4010 Feet, more or less, to the said point of beginning.

Also, the Northeast quarter of Section 3 Township 41 South Range 9 East Willamette Meridian, Klamath County, Oregon.

Excepting the 29.2 acres conveyed to John D. O'Connor et al by deed recorded in Vol. 153, page 21, and the 1.2 acres conveyed to John M. Liskey, Jr. et. ux. by deed recorded in Vol. 236 at page 431, both in Klamath County Deed Records.

Also excepting 1.16 acres in Section 35 of Township 40 South Range 9 East conveyed to the Virginia Liskey Revocable Trust.