

NTC 1396-10262

2010-013391  
Klamath County, Oregon



11/18/2010 11:35:02 AM

Fee: \$72.00

**MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT**

RECORDING REQUESTED BY, AND  
WHEN RECORDED, RETURN TO:

Optim  
c/o William Honjas  
200 South Virginia Street, Suite 560  
Reno, NV 89501

**MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT**

THIS MEMORANDUM OF LEASE AND GEOTHERMAL AGREEMENT ("Memorandum of Lease") is executed as of the date all geothermal rights, legal property descriptions and legal title has been confirmed ("Lease Effective Date"), by and between Lincoln and Sandra Gabriel hereafter referred to individually or in total as "Lessor", and Optim, a Nevada Corporation ("Lessee").

**RECITALS**

WHEREAS, Lessor and Lessee have executed that certain Geothermal Lease and Agreement ("Lease") dated the date all geothermal rights, legal property descriptions and legal title has been confirmed ("Lease Effective Date"), conveying a leasehold interest in certain geothermal steam, geothermal fluids, geothermal energy, heat, hot water, extractable minerals, and all byproducts and gases associated therewith ("Leased Substances") located on and within the real property located in Klamath County, Oregon, as more particularly described in Section 2, of this Memorandum of Lease ("Premises"); and

WHEREAS, Lessor and Lessee desire to record notice of the Lease in the real estate records of Klamath County, Oregon.

NOW, THEREFORE, in consideration of the foregoing, Lessor and Lessee hereby declare as follows:

1. Demise. Lessor has leased and hereby does lease the Premises for the purpose of exploring, prospecting, drilling, mining and operating for and producing, treating, converting, extracting, processing and utilizing Leased Substances, as well as storing, taking, removing, transporting, and disposing of such Leased Substances in order to generate electric power and other commercial products and byproducts for use or sale,

72Am A

along with a right-of-way to transit upon and across the surface of the Premises and through the strata of the Premises and the right to store equipment and materials, and to construct, use, maintain, operate and remove any and all facilities thereon and therein, all as may be necessary, useful or convenient in connection with and to accomplish the foregoing.

2. Premises. The Premises is described as follows:

Legal Description of Premises, is attached to and made a part of Geothermal Lease and Agreement ("Lease") dated the date all geothermal rights, legal property descriptions and legal title has been confirmed ("Effective Date") 9.8.09 hereafter referred to individually or in total as "Lessor", and Olene Gap Geothermal, LLC, as "Lessee." Unless otherwise specified, capitalized terms contained herein shall have the meanings assigned to them in the Lease.

The "Premises" that is the subject of the Lease includes the real property, situated in the State of Oregon, County of Klamath, in an unincorporated area, described as follows:

Klamath County, Oregon

3. Term. The Lease is for a term ("Initial Term") of ten (10) years beginning on the Lease Effective Date and continues thereafter indefinitely ("Extended Term" and together with the Initial Term, the "Term") provided that certain conditions are satisfied by the Lessee. If Lessee is not producing Leased Substances in "Commercial Quantities" (as defined in the Lease) within fifteen (15) years from the Lease Effective Date, then Lessor has the option of declaring the Lessee in default.

4. Restrictions on Encumbrances. Throughout the Term of the Lease, Lessor is prohibited from recording against the Premises liens, encumbrances, water rights, geothermal rights and other matters that would constitute exceptions to title and has the duty to defend the title and to indemnify the Lessee from and against any liens or encumbrances.

5. Restrictions on Transfer. Subject to certain exceptions, Lessor may transfer its interest in the Premises to a third party subject to the restrictions which are set forth with more particularity in the Lease.

6. Counterparts. This Memorandum of Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

7. Purpose. The purpose of this Memorandum of Lease is to give public notice of the existence of the Lease and is not intended to limit or augment any of the rights granted in the Lease, the terms of which are incorporated herein by reference. In the event of any inconsistency between this Memorandum of Lease and the terms and conditions of the Lease, the Lease shall prevail.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Memorandum of Lease as of the date and year first written above.

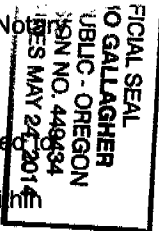
LESSOR Lincoln R. Gabriel  
Sandra S. Gabriel  
Signature

Name  
Title

LESSEE  
[Signature]  
Signature  
William Hojjes  
Name  
president 10/22/10  
Title

State of Oregon  
County of Klamath  
On Sept 8, 2009 before me, Patricia Janet Thede, Notary Public

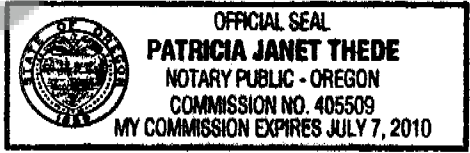
Public, personally appeared  
Lincoln R. Gabriel and Sandra S. Gabriel, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of Oregon that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Patricia Janet Thede

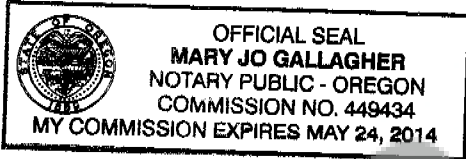


NOTARY ACKNOWLEDGEMENT ATTACHMENT FOR William Horjas

State of Oregon  
County of Klamath

On this 22 day of October, 2010, personally appeared before me the above named William Horjas, and acknowledged the foregoing instrument to be his/her/their voluntary act and deed.

WITNESS My hand and official seal.



Mary Jo Gallagher  
Notary Public for Oregon  
My Commission expires: 5-24-2014



Order No: XXXXXXXXXX**EXHIBIT "A"**  
**LEGAL DESCRIPTION****PARCEL 1:**

The E1/2 W1/2 W1/2 W1/2 in Section 15, Township 39 South, Range 10 East of the Willamette Meridian, lying South of Highway 140 and the E1/2 W1/2 W1/2 W1/2 in Section 22, Township 39 South, Township 39 South, Range 10 East of the Willamette Meridian, lying North of the B Canal, and the W1/2 E1/2 E1/2 SE1/4 in Section 16, Township 39 South, Range 10 East of the Willamette Meridian lying South of Highway 140 known as the Klamath Falls-Lakeview Highway and lying North of the OC&E Railroad right of way, Klamath County, Oregon. EXCEPT rights of ways for highways, railroads & USRS Canal as presently located thereon.

**PARCEL 2:**

The E1/2 W1/2 E1/2 E1/2 of Section 16, Township 39, Range 10 East of the Willamette Meridian, lying South of Highway 140. EXCEPT that portion of the E1/2 W1/2 SE1/4 SE1/4 lying South of the U.S.R.S. East Branch Canal right of way.

**PARCEL 3:**

A strip of land one (1) rod wide off the West side of the NW1/4 NW1/4 and SW1/4 NW1/4 of Section 22, Township 39, Range 10 East of the Willamette Meridian, lying South of the USBR "B" Canal.

**PARCEL 4:**

That portion of the E1/2 of the W1/2 of the SE1/4 of the SE1/4 of Section 16, Township 39 South, Range 10 East of the Willamette Meridian, lying South of the U.S.R.S. East Branch Canal right of way and the E1/2 of the W1/2 of the NE1/4 of the NE1/4 of Section 21, Township 39 South, Range 10 East of the Willamette Meridian.

**PARCEL 5:**

The E1/2 NE1/4 NE1/4 in Section 21, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, EXCEPT rights of ways for U.S.R.S. Canals are presently located thereon.

**PARCEL 6:**

The E1/2 E1/2 E1/2 E1/2 of Section 16, lying South of Highway No. 140. Also that part of the W1/2 E1/2 of the SE1/4 SE1/4 of said Section 16 South of the right of way of the O.C. &E. Railroad, EXCEPT right of way for highways, railroads and U.S.R.S. Canal as presently located thereon, all in Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

**PARCEL 7:**

The W1/2 W1/2 W1/2 W1/2 in Section 15, Township 39 South, Range 10 East lying South of Highway No. 140, EXCEPT right of way for highways, railroads & U.S.R.S. Canal as presently located thereon, ALSO that part of the W1/2 W1/2 NW1/4 NW1/4 of Section 22, lying North of the U.S.R.S. Canal as presently located thereon, and all said real estate in Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Order No: XXXXXXXXXX

(Legal Description Continued)

PARCEL 8:

All of the SE1/4 NE1/4 of Section 21, Township 39 South, Range 10 East of the Willamette Meridian, EXCEPT THE 6.5 acres conveyed to the USA more particularly described in Deeds recorded in Volume 200, page 333 and in Volume 34 at page 146, Deed Records of Klamath County, Oregon.

PARCEL 9:

That portion of the W1/2 NW1/4 of Section 22, Township 39 South, Range 10 East of the Willamette Meridian, more particularly described as follows:

Beginning at the Northeast corner of the NW1/4 NW1/4 of said Section 22; thence South to the North Bank of a slough 116 rods, more or less; thence Westerly along the Northerly bank of said slough to the section line between said Section 22 and Section 21; thence North along said section line to the South right of way line of the United States East Branch Canal, 114 rods, more or less; thence Easterly along said Southerly right of way line, to the point of beginning; save and except a strip of land one rod wide off the West side of the above described tract.

PARCEL 10:

That portion of the SE1/4 SW1/4 of Section 15, Township 39 South, Range 10 East of the Willamette Meridian, which lies South of the O.C.&E. Railway Company's right of way; and North of the U.S.R.S. Canal; and West of the property deeded to Himmelwright by Deed recorded in Volume 69, page 208, Deed Records of Klamath County, Oregon.

PARCEL 11:

All of the SE1/4 NE1/4 of Section 25, Township 37 South, Range 9 East of the Willamette Meridian.

PARCEL 12:

The W1/2 NE1/4 and the E1/2 E1/2 NW1/4 of Section 25, Township 37 South, Range 9 East of the Willamette Meridian.

PARCEL 13:

The W1/2 E1/2 NW1/4 and E1/2 E1/2 SW1/4 NW1/4 of Section 25, Township 37 South, Range 9 East of the Willamette Meridian.

PARCEL 14:

The NW1/4 NW1/4 of Section 25, Township 37 South, Range 9 East of the Willamette Meridian.

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(Legal Description Continued)

PARCEL 15:

The NW1/4 SW1/4, W1/2 SW1/4 NW1/4 and W1/2 E1/2 SW1/4 NW1/4 of Section 25, Township 37 South, Range 9 East of the Willamette Meridian.

PARCEL 16.

The NE1/4 SW1/4; and the NW1/4 SE1/4 of Section 25, Township 37 South, Range 9 East of the Willamette Meridian.

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