

WTC 1396-10262

2010-013395

Klamath County, Oregon



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11/18/2010 11:38:02 AM

Fee: \$62.00

EXHIBIT

## 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  
Chapman Ranch LLC 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,

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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") 10/6/2009 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.

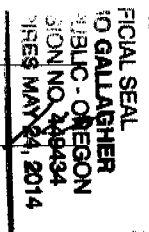
6. Counterparts. This Memorandum of Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

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  
[Signature]  
Signature  
Jason J. Chapman  
Name  
Partner Chapman Ranch LLC  
Title

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



State of Oregon  
County of Klamath  
On October 6, 2009 before me, Cindy E Cherry, Notary

Public, personally appeared

Jason J Chapman, 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 Cindy E Cherry  
My Commission Expires - April 12, 2011



NOTE: EXHIBIT C HAS BEEN ADDED BY THE LESSOR

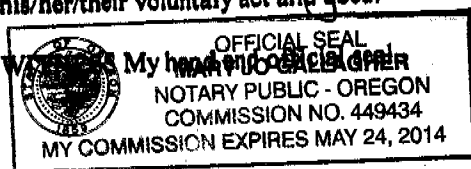
NOTARY ACKNOWLEDGEMENT ATTACHMENT FOR

William Bonjas

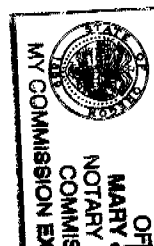
State of Oregon  
County of

Klamath

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



Mary J. Kelly  
Notary Public for Oregon  
My Commission expires: 5-24-2014



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

**Parcel A:**

The SE1/4 SE1/4 of Section 18, Township 39 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon.

**Parcel B:**

Parcel 2 of Land Partition 34-99, situated in the E1/2 of Section 12, Township 39 South, Range 10 East of the Willamette Meridian, Government Lot 4 and the S1/2 S1/2 of Section 7, the SW1/4 SW1/4 of Section 8, the W1/2 of Section 17, Section 18, and Government Lots 1 and 2 and the NW1/4 of Section 19, Township 39 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon.

EXCEPT a tract of land being a portion of Parcel 2 of Land Partition 34-99 situated in the SE1/4 of Section 12, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, being more particularly described as follows:

Beginning at the Southeast corner of said Section 12; thence West 201 feet to the West line of said Parcel 2; thence North along the said West line 260 feet; thence East 201 feet to the East line of said Section 12; thence South 260 feet, more or less to the point of beginning.

**Parcel C:**

Township 39 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon:

Section 20: NW1/4 NW1/4

Section 19: Lots 3,4,5 and 6, SE1/4 NW1/4, NE1/4, NE1/4 SE1/4

EXCEPT those portions conveyed to United States of America, by deed recorded July 23, 1912 in Volume 37, page 479, Deed Records of Klamath County, Oregon.

**Parcel D:**

A tract of land situated in the SE1/4 of Section 18, Township 39 South, Range 11 1/2 East of the Willamette Meridian, Klamath County, Oregon being more particularly described as follows:

All that portion of the NE1/4 SE1/4 of Section 18 lying Southwesterly of North Poe Valley Road.

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.