

2012-004075

Klamath County, Oregon



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PACIFICORP
825 NE Multnomah, Suite 600
Portland, Oregon 97232
Attn: Manager, Origination

MEMORANDUM OF POWER PURCHASE AGREEMENT AND STEP IN RIGHTS

THIS MEMORANDUM OF POWER PURCHASE AGREEMENT AND STEP IN RIGHTS ("**Memorandum**"), dated as of the 10th day of April, 2012, is made by and between OM Power 1, LLC, a Delaware limited liability company, as GRANTOR ("**Seller**") and PACIFICORP, an Oregon corporation, as GRANTEE ("**PacifiCorp**"). Seller and PacifiCorp are sometimes hereinafter referred to collectively as the "**Parties**" and individually as "**Party**."

RECITALS

A. Seller and PacifiCorp have entered into the Power Purchase Agreement (the "**Agreement**") on the same date as this Memorandum and which Agreement is to terminate on May 31, 2028, pursuant to which Seller has agreed to construct, own, operate and maintain a geothermal energy generation facility (as more particularly defined in the Agreement, the "**Facility**") for the generation of electric energy, to be located in Klamath County, Oregon, and upon completion of said Facility, to sell to PacifiCorp the electric energy to be produced by the Facility, all on the terms and conditions set forth in the Agreement. The leased property on which the Facility is to be constructed (the "**Premises**") is more particularly described in the attached **Exhibit A**

B. Seller and PacifiCorp desire to provide record notice of (i) certain terms and conditions of the Agreement pertaining to the Parties' respective rights and obligations under the Agreement in the event Seller is in default of the Agreement, and (ii) Seller's obligation under the Agreement to grant to PacifiCorp step-in rights on the Facility and Premises, as security for Seller's obligations under the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in the Agreement and this Memorandum, Seller and PacifiCorp agree as follows:

TERMS

1. The Premises. Seller acknowledges and agrees that the real property comprising the Premises, and all improvements and fixtures to be constructed thereon, including without limitation, the Facility and items described in **Exhibit B**, are and will be owned or leased by

Seller and shall hereafter be held, sold, conveyed, transferred, assigned, subdivided, leased, rented, encumbered, occupied and used subject to and in accordance with the provisions of Section 10.4 of the Agreement and this Memorandum.

2. Filings. Seller immediately upon the execution and delivery of this Memorandum, and thereafter from time to time, shall cause this Memorandum, any supplements hereto, any renewals and each instrument of further assurance to be filed, registered or recorded and refiled, reregistered or rerecorded in such manner and in such places as may be required by any present or future law in order to publish notice of and perfect the interest memorialized by this Memorandum, and authorizes PacifiCorp to do the same, and Seller shall pay all recording fees and costs in connection therewith.

3. Notice.

a. Agreement to Grant Step-in Rights. Until Seller substitutes another form of security pursuant to the Agreement or, prior to any termination of the Agreement due to an Event of Default of Seller, as identified in Section 11 of the Agreement, PacifiCorp shall have the right, but not the obligation, to possess, assume control of, and operate the Facility as agent for Seller (in accordance with Seller's rights, obligations, and interest under the Agreement) during the period provided for in the Agreement. Seller shall not grant any person, other than the lending institution providing financing to the Seller for construction of the Facility ("**Facility Lender**"), a right to possess, assume control of, and operate the Facility, the Premises as described on Exhibit A, and items identified on Exhibit B that is equal to or superior to PacifiCorp's right under Section 10.4 of the Agreement.

b. Exercise of Step-in Rights. Pursuant to Section 10.4.2 of the Agreement, PacifiCorp shall give Seller ten (10) calendar days notice in advance of the contemplated exercise of PacifiCorp's rights under Section 10.4 of the Agreement. Upon such notice, Seller shall collect and have available at a convenient, central location at the Facility all documents, contracts, books, manuals, reports, and records required to construct, operate, and maintain the Facility in accordance with Prudent Electrical Practices (as the term is defined in Section 1.31 of the Agreement). Upon such notice, PacifiCorp, its employees, contractors, or designated third parties shall have the unrestricted right to enter the Facility for the purpose of constructing and/or operating the Facility. Seller, pursuant to Section 10.4.2 of the Agreement, has irrevocably appointed PacifiCorp as Seller's attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as PacifiCorp may reasonably deem necessary or appropriate to exercise PacifiCorp's step-in rights under Section 10.4 of the Agreement.

c. Proceeds from operation of the Facility. Pursuant to Section 10.4.3 of the Agreement, during any period that PacifiCorp is in possession of and constructing and/or operating the Facility, no proceeds or other monies attributed to operation of the Facility shall be remitted to or otherwise provided to the account of Seller until all Events of Default of Seller (as such events are identified and described in Section 11.1 of the Agreement) have been cured.

d. Legal Title and Ownership. Pursuant to Section 10.4.4 of the Agreement, during any period that PacifiCorp is in possession of and operating the Facility, Seller shall retain

legal title to and ownership of the Facility and PacifiCorp shall assume possession, operation, and control solely as agent for Seller.

i. Resumption of Operation by Seller. Pursuant to Section 10.4.4(a) of the Agreement, in the event PacifiCorp is in possession and control of the Facility for an interim period, Seller shall resume operation and PacifiCorp shall relinquish its right to operate when Seller demonstrates to PacifiCorp's reasonable satisfaction that it will remove those grounds that originally gave rise to PacifiCorp's right to operate the Facility, as provided in Section 10.4 of the Agreement, in that Seller (a) will resume operation of the Facility in accordance with the provisions of the Agreement, and (b) has cured any Events of Default of Seller which allowed PacifiCorp to exercise its rights under Section 10.4 of the Agreement.

ii. Foreclosure by Facility Lender. Pursuant to Section 10.4.4(b) of the Agreement, in the event that PacifiCorp is in possession and control of the Facility for an interim period, the Facility Lender, or any nominee or transferee thereof, may foreclose and take possession of and operate the Facility and PacifiCorp shall relinquish its right to operate when the Facility Lender or any nominee or transferee thereof, requests such relinquishment.

e. Liability and Return of Possession to Seller. Pursuant to Section 10.4.5 of the Agreement, PacifiCorp's exercise of its rights under Section 10.4 of the Agreement to possess and operate the Facility shall not be deemed an assumption by PacifiCorp of any liability attributable to Seller. If at any time after exercising its rights to take possession of and operate the Facility PacifiCorp elects to return such possession and operation to Seller, PacifiCorp shall provide Seller with at least fifteen (15) calendar days advance notice of the date PacifiCorp intends to return such possession and operation, and upon receipt of such notice Seller shall take all measures necessary to resume possession and operation of the Facility on such date.

4. Effect of Memorandum. This Memorandum, and the rights and obligations of the parties hereunder, are subject to all of the terms and conditions of the Agreement. The Agreement is hereby incorporated by reference as if fully set forth herein.

5. Counterparts. This Memorandum may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, and all of which shall together constitute one and the same instrument.

[Remainder of page is intentionally left blank]

6. Further Information. Further information regarding the specific terms and conditions of the Agreement may be requested from PacifiCorp at 825 NE Multnomah, Suite 600, Portland, Oregon 97232, Attn: Manager, Origination. Disclosure of any such information shall be subject to the terms and conditions of a written confidentiality agreement acceptable to PacifiCorp in its sole and absolute discretion.

IN WITNESS WHEREOF, Seller and PacifiCorp have executed and acknowledged this Memorandum as of the day and year first above written.

OM Power 1, LLC,
a Delaware limited liability company

PACIFICORP,
an Oregon corporation

By: [Signature]
Name: Jagadeeswara Kodali
Title: Managing Member

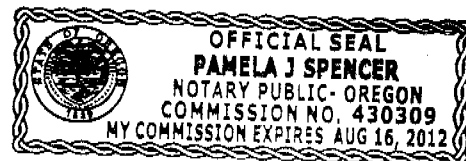
By: [Signature]
Name: Bruce Griswold
Title: Director, Short term
Origination

STATE OF Oregon)
: ss.
COUNTY OF Klamath)

The foregoing instrument was acknowledged before me this 10th day of April 2012 by Jagadeeswara Kodali, the managing member of, OM Power 1, LLC, a Delaware limited liability company.

[Signature]
NOTARY PUBLIC

STATE OF OREGON)
: ss.
COUNTY OF MULTNOMAH)



The foregoing instrument was acknowledged before me this 10th day of April 2012 by Bruce Griswold, the Director, Short-Term Origination of PACIFICORP, an Oregon corporation.

[Signature]
NOTARY PUBLIC



Exhibit A

LEGAL DESCRIPTION

Parcel 1:

TOWNSHIP 39 SOUTH, RANGE 10 EAST, WILLAMETTE MERIDIAN

Sections 14 and 15: Portions, being more particularly described as follows:

Lot 1 of Section 15, Township 39 South, Range 10 East, of the Willamette Meridian; Lot 1 Lot 2, Lot 3, Lot 4, Lot 5, and Lot 6 and the NW 1/4 of the NE 1/4 of Section 14, Township 39 South, Range 10 East of the Willamette Meridian.

Excepting those portions thereof heretofore sold to the United States for reclamation and canal use, as located on the ground.

Also excepting 19.61 acres of land, more or less, conveyed to the City of Klamath Falls, Oregon, by deed recorded in Book 47 at Page 428.

Also excepting one acre heretofore sold to School District No. 4, described as follows:

Beginning at North line of Klamath Falls and Bonanza County Road and West line of Lot 1 Section 15, Township 39 South, Range 1 - East of the Willamette Meridian; thence East 3 1/5 chains; thence North 3 1/5 chains; thence West 3 1/5 chains; thence South 3 1/5 chains to the point of beginning.

Also excepting those lands granted to the State of Oregon by deed recorded March 31, 2005 in Book M05, Page 22272, shown therein as Parcels 1, 2, 3, 4 and 5 on Exhibit "A" of said Deed.

MTL: R-3910-015D0-00100-000 & R-3910-01400-00100-000; R-3910-01400-00400-000

Parcel 2:

TOWNSHIP 39 SOUTH, RANGE 10 EAST, WILLAMETTE MERIDIAN

Section 14: A portion, more particularly described as follows:

All that portion of Lot 7, Section 14, Township 39 South, Range 10 East of the Willamette Meridian, included in the parcel of land described as follows:

Beginning at a point on the North boundary of Lot 7, Section 14, Township 39 South, Range 10 - East, of the Willamette Meridian, from which the one-quarter section corner common to Sections 14 and 15 said, Township and Range aforesaid, bears North 34°44' West 1607.5 feet and running thence south 513.5 feet to an iron pin; thence West 341.7 feet to an iron pin; thence North 33°43' West 54.6 feet to an iron pin; thence North 34°37' East 204.4 feet; thence North

30°21' East 347.5 feet to an iron pin; thence East 80.4 feet to the iron pin marking the place of beginning.

Saving and excepting that portion of the above described parcel of land now occupied by the right of way for the F-1 lateral of the Klamath Project.

R-391-0-1400-600

Also, a parcel of land lying in Lot 7 of Section 14, Township 39 South, Range 10 East of the Willamette Meridian and being that part within Section 14 of the following described tract lying partly in Section 14 and partly in Section 15, to-wit:

Beginning at a one-inch iron pin set on the South bank of Lost River, said point being South 89°30' West a distance of 1054.0 feet from the section corner common to Sections 14, 15, 22 and 23, Township 39 South, Range 10 East of the Willamette Meridian, said distance being measured along the East-West Section line between Sections 15 and 22; thence North 89°30' East a distance of 366.0 feet to the North right of way of the Klamath Irrigation District Canal, said point being monumented by a 5/8 inch iron pin; thence following right of way of said canal, North 54°45' East a distance of 200.0 feet; thence North 62°33' East a distance of 452.0 feet; thence North 44°11' East a distance of 400.0 feet; thence North 55°25' East a distance of 215.0 feet to a point on the North bank of said canal and the South boundary of the County Road; thence North 52°05' West a distance of 93.0 feet to the South bank of Lost River, said point being monumented by a 5/8 inch iron pin; thence following the South bank of Lost River downstream to the point of beginning.

It is the intent that this description does not cover any of the Tract lying within Section 15.

MTL: R-3910-01400-00500-000; R-3910-01400-00600-000

Parcel 3:

Section 14: A portion, more particularly described as follows:

A tract of land situated on Government Lot 7, Section 14, T39S, R10E, Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

That portion of said Lot 7 lying Northwesterly of Crystal Springs Road, a county road.

Except therefrom that portion conveyed to Peter Boor, and more particularly described as follows:

Beginning at a point on the bank of Lost River, said point being 1054 feet West of the Northeast corner of Section 22, of said Township and Range; thence East 366 feet to the right of way line of the U.S.B.R. ditch; thence following said right of line North 54°45' East 200 feet; thence North 64°30' East, 452 feet; thence 45°45' East 400 feet; thence North 57° East, 275 feet; thence

North 48° West, 138 feet to Lost River; thence following Lost River down stream, to the point of beginning.

MTL: R-3910-01400-00701-000

Parcel 4:

Section 15: A portion, more particularly described as follows:

All that portion of the SW 1/4 of the SE 1/4 of Section 15, Township 39 South, Range 10 East, Willamette Meridian, lying between the Southeasterly line of the right of way of the O.C. & E. and the Northerly line of the Klamath Falls Lakeview Highway.

Also that portion of Lot 1 of said Section 15, Township 39 South, Range 10 East, Willamette Meridian, described as follows:

Beginning at the intersection of the North line of the Klamath Falls-Lakeview Highway and the West line of said Lot 1; running thence 3 1/5 chains East, thence 3 1/5 chains North, thence 3 1/5 chains West, thence South 3 1/5 chains to the point of beginning.

Saving and excepting therefrom portions contained in the O.C. & E. Railway right of way and the U.S.R.S. "B" Canal.

MTL: R-3910-15D-1000

Exhibit B
(Description of Facility)

Debtor: OM Power 1, LLC
Secured Party: PacifiCorp

The Facility consists of:

1. Debtor's fee simple interests, if any, leasehold interests, if any, and easement interests in the real property located in the County of Klamath, State of Oregon, that is more particularly described in **Exhibit A** to this Memorandum (the "**Premises**");
2. All easements appurtenant, easements in gross, license agreements and other rights in land running in favor of Debtor relating to the ownership, operation, maintenance and/or repair of the Facility and appurtenant to any real property comprising the Premises (the "**Easements**");
3. Any land lying between the boundaries of the Premises and the center line of any adjacent street, road, avenue or alley, whether opened or proposed, and, if such land is described as two or more parcels, in any strips or gores that may separate or purport to separate any two or more of such parcels;
4. All buildings, structures and improvements now or hereafter located on the Premises and the Easements and relating to the ownership, operation, maintenance and/or repair of the Facility, including but not limited to, and with the exception of items owned by the fee owners of such land, by tenants or by third parties, all machinery, apparatus, equipment, fittings, fixtures (whether actually or constructively attached and including all trade fixtures) now or hereafter located in, on or under such land or improvements and used or usable in connection with any present or future operation thereof, including but not limited to all power generation, fire suppression, piping, tanks, engines, interconnection and communications apparatus, and all additions thereto and replacements therefor (the "**Improvements**");
5. All awards and payments, including interest thereon, resulting from the exercise of any right of eminent domain or any other public or private taking of, injury to, or decrease in the value of, any of the rights and interests described in (1) through (4) above;
6. All Contract Rights (to the extent assignable by Debtor without the consent of the other Contract signatory(ies) or to the extent such consent is granted), General Intangibles, Accounts, Deposit Accounts, Instruments, Documents, Chattel Paper and Goods (including all of Equipment, Fixtures and Inventory and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor) comprising the Facility or associated with the Facility, each as defined in the Uniform Commercial Code in effect in the State of Oregon (as amended or recodified from time to time);
7. Without limiting the generality of the foregoing in any way, all electric transmission rights, electric interconnection rights, and other rights and services related to transmitting generated electricity to market not otherwise described above;
8. All additions and accessions to, all proceeds, products, offspring and profits of, and all rights and privileges incident to, any of the foregoing whether previously or in the future acquired; and
9. All documents, contracts, books, manuals, reports, and records incident to any of the foregoing.