

WTC 1396-10859

2012-006404

Klamath County, Oregon



00119641201200064040050054

06/12/2012 11:30:19 AM

Fee: \$57.00

RECORDING COVER SHEET

ORS 205.234

This cover sheet has been prepared by the person presenting the attached instrument for recording. Any error in this cover sheet DOES NOT affect the transaction(s) contained in the instrument itself.

1. AFTER RECORDING RETURN TO -

Required by ORS 205.180(4) & 205.238:

KLAMATH BASIN GEOPOWER
200 S. VIRGINIA STREET, SUITE 560
RENO, NV 89501

2. TITLE(S) OF THE TRANSACTION(S) - Required by ORS 205.234(1)(a)

Note: "Transaction" means any action required or permitted by law to be recorded, including, but not limited to, any transfer, encumbrance or release affecting title to or an interest in real property. Enter descriptive title for the instrument:

GEOTHERMAL LEASE AND AGREEMENT

3. DIRECT PARTY / GRANTOR and Address - Required by ORS 234(1)(b)

MARK AND PAMELA DAVENTPORT
3620 GRENADA WAY
KLAMATH FALLS, OR 97603

4. INDIRECT PARTY / GRANTEE and Address - Required by ORS 234(1)(b)

KLAMATH BASIN GEOPOWER
200 S. VIRGINIA STREET, SUITE 560
RENO, NV 89501

5. For an instrument conveying or contracting to convey fee title, the information required by ORS 93.260:

**UNTIL A CHANGE IS REQUESTED,
ALL TAX STATEMENTS SHALL BE
SENT TO THE FOLLOWING
ADDRESS:**

6. TRUE AND ACTUAL

CONSIDERATION - Required by ORS 93.030 for an instrument conveying or contracting to convey fee title or any memorandum of such instrument:

\$

7. TAX ACCOUNT NUMBER OF THE PROPERTY, IF THE INSTRUMENT CREATES A LIEN OR OTHER INTEREST THAT COULD BE SUBJECT TO TAX FORECLOSURE -

Required by ORS 312.125(4)(b)(B):

57Awd

GEOHERMAL LEASE AND AGREEMENT

This GEOHERMAL LEASE AND AGREEMENT ("Lease") is made, entered into and effective as of the date all geothermal rights, legal property descriptions and legal title have been confirmed and signed by an officer of Klamath Basin Geopower ("Effective Date") by and between Michael Patrick Davidson hereafter referred to individually or in total as "Lessor", and Klamath Basin Geopower, Inc., a Nevada corporation ("Lessee"). Lessor and Lessee may be referred to individually as, a "Party" and collectively as, the "Parties". Capitalized terms not otherwise defined in the body of this Lease shall have the meanings provided in Appendix 1.

RECITALS:

A. Lessor desires to lease certain real property in the Klamath County, Oregon area (as further defined herein as the "Premises") for uses related to energy exploration and development, and desires to lease to Lessee such rights in and to that portion of the real property referred to herein as the Premises, which real property is more particularly described in Exhibit A attached hereto and incorporated herein by this reference, to explore for geothermal resources and to develop a geothermal energy project if such geothermal resources associated with the Premises exist in Commercial Quantities; and

B. Lessee has technical and financial experience and capabilities in developing geothermal energy projects and desires to lease the Premises from Lessor for the purposes, and subject to the terms, conditions, and reservations described herein; and

C. Lessor and Lessee agree that while this Lease is effective as of the date that it is executed by each of Lessor and Lessee, that Lessee's payment obligations under this Lease shall not become effective until the geothermal rights, legal property description(s) and clear title(s) to Lessor's geothermal rights and the Premises have been confirmed to the reasonable satisfaction of Lessee, Klamath Basin Geopower.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, including the Recitals hereto, which are true and correct and incorporated herein by this reference as material terms, the Parties hereby agree as follows:

WITNESSETH:

EXHIBIT A
LEGAL DESCRIPTION OF PREMISES

This Exhibit A, 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") by and between Mark & Pam Davenport as "Lessor" and Klamath Basin Geopower, Inc., 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

Parcel :

SEE TITLE REPORT

Township
, Range
, Willamette Meridian

_____ more or less:

Assessor's Parcel No. _____; and

SECTION 30, TOWNSHIP 39 SOUTH,
RANGE 10 EAST

2. Term. The initial term of this Lease is for a period of ten (10) years from the Effective Date ("Initial Term"). At Lessee's option, the Initial Term shall be renewed for successive ten (10) year terms (up to a maximum of ninety-nine (99) years) if exploration and development activity has been conducted on the Premises, or any lands unitized or pooled with the Premises, within the ten (10) year Initial Term. Exploration and development activity includes, but is not limited to, any one or more of the following actions: (i) drilling, (ii) geologic mapping, (iii) geophysical surveys, (iv) geochemical surveys and (v) remote sensing. Subject to the other provisions herein contained, this Lease shall also continue for as long thereafter as: (a) Leased Substances are being produced from the Premises by use of facilities located on the Premises or on Other Property by Lessee in Commercial Quantities; or (b) drilling, re-drilling, deepening, sidetracking or remedial operations are being prosecuted on a continuous basis on the Premises or on Other Property if such activities are concentrated upon the same reservoir underlying the Leased Premises and Other Property ("Extended Term" and together with the Initial Term, the "Term"); provided, however, that if within Eight (8) years after the Effective Date, and subject to Section 19 herein, Lessee is not producing Leased Substances in Commercial Quantities, Lessor, at its option, may, at its option, terminate this Lease. For the purpose of this Section 2, producing, drilling, re-drilling, deepening, sidetracking or remedial operations shall be deemed continuous so long as all such operations do not cease for more than one hundred eighty (180) consecutive days, whether such operations be on the same well or on a different or additional well or wells. Notwithstanding the foregoing, the term of this Lease shall automatically continue for the duration of Lessee's commercial production of Leased Substances in the event that Lessee develops, installs, constructs, operates and maintains a power generation facility of any kind on the surface of the Premises. The Parties agree to renegotiate the Royalty payments to reflect the then current market conditions at the end of the power purchase agreement term or after 25 years of commercial operation, whichever comes last.

IN WITNESS WHEREOF, the Lessor and Lessee have caused this Lease to be duly executed as of the date written below:

Lessee:

NAME: Mark Davenport

NAME: Pamela Davenport

DATE: 5-8-2012

Lessor: Klamath Basin Geopower Inc., A Nevada Corp.

NAME: Bill Honjas
President, Klamath Basin Geopower

DATE: 6/6/12
(Effective Date)

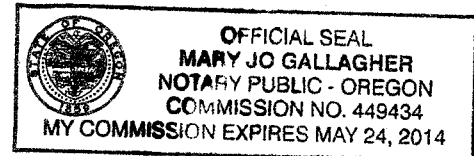
State of Oregon
County of Klamath

On May 8, 2012 before me, MARY JO GALLAGHER, Notary Public, personally appeared MARK DAVENPORT, 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 Mary Jo Gallagher



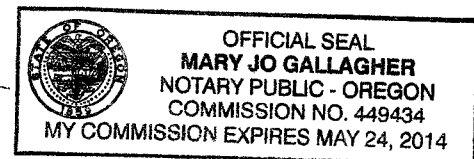
State of Oregon
County of Klamath

On May 8, 2012 before me, MARY JO GALLAGHER, Notary Public, personally appeared Pamela Davenport, 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 Mary Jo Gallagher



State of Oregon
County of Klamath

On June 6, 2012 before me Sarah K. Rowe, Notary Public, personally appeared William Honjas, 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 SK Rowe

