

2013-013324

Klamath County, Oregon



00145766201300133240070072

12/03/2013 11:53:50 AM

Fee: \$67.00



RERECORDED TO ADD THE LEGAL DESCRIPTION AS RECORDED IN
2013-013324

MEMORANDUM OF
GEOTHERMAL LEASE AND AGREEMENT

2013-013432

Klamath County, Oregon

12/06/2013 09:30:52 AM

Fee: \$82.00

RECORDING REQUESTED BY, AND WHEN
RECORDED RETURN TO:

Klamath Basin Geopower, Inc.
c/o Paul Vatistas
200 South Virginia Street
Suite 560
Reno, Nevada 89501

MEMORANDUM OF
GEOTHERMAL LEASE AND AGREEMENT

This Memorandum of Geothermal Lease and Agreement ("Memorandum of Lease") is executed this 25th day of November 2013 by and between Edgewood Ranch, Inc., an Oregon corporation, Jespersen Swan Lake, Inc., an Oregon corporation and LJ2, LLC, an Oregon limited liability company, collectively referred to as "Lessors", and Klamath Basin Geopower, Inc. a Nevada corporation ("Lessee").

RECITALS

WHEREAS, Lessor and Optim, Inc. a Nevada corporation executed a Geothermal Lease and Agreement ("Lease") dated March 4, 2010 and November 22, 2010 respectively conveying a leasehold interest in certain geothermal steam, geothermal fluids, geothermal energy, heat, hot water, extractable minerals, and all by products and gases associated therewith ("Leased Substances") located on and within the real property described on the attached Exhibit E ("Leased Property").

WHEREAS, Optim, Inc. assigned its lessor interest in the Lease to Edgewood Ranch, Inc., Jespersen Swan Lake, Inc. and LJ2, LLC.

WHEREAS Lessee assigned its lessee interest in the Lease to Klamath Basin Geopower, Inc.

WHEREAS, Lessors Edgewood Ranc, Inc., Jespersen Swan Lake, Inc. and LJ2, LLC and Lessee Klamath Basin Geopower, Inc. desire to record notice of the Lease as it now exists with substituted parties in the real estate records of Klamath County, Oregon.

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MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

Page 1 of 5

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

1. Demise. Lessor has leased and hereby does lease the Leased Property 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, along with a right-of-way to transit upon and across the surface of the Leased Property and through the strata of the Leased Property and the right to store equipment and materials, and to construct, use, maintain, operate facilities thereon and therein, all as may be necessary, useful or convenient in connection with and to accomplish the foregoing.
2. Premises. A legal description of the Leased Property is stated on the attached Exhibit E and is made a part of the Geothermal Lease and Agreement ("Lease") executed by original Lessor on March 4, 2010 and original Lessee on November 22, 2010.
3. Term. The Lease is for a term ("Initial Term") of ten (10) years beginning on December 9, 2010 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 to 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, the Lessors and Lessee have caused this Memorandum of Lease to be duly executed as of the date written below:

MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

LESSORS:

Edgewood Ranch, Inc.,
an Oregon corporation

By: _____

Date: 11/26/13

Jespersen Swan Lake, Inc.,
an Oregon corporation

By: _____

Date: 11/25/13

LJ2, LLC
an Oregon limited liability company

By: _____

Date: 11/25/13
11/26/13

LESSEE:

Klamath Basin Geopower, Inc.
an Nevada corporation

By: _____

Date: _____

State of Oregon)
County of Klamath)

On 11/26/2013 before me, Cherice F. Treasure, Notary
Public, personally appeared Lawrence C. Jespersen, Jr *, 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.
* President for Edgewood Ranch, Inc., an Oregon corporation

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

Cherice F. Treasure



MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

Page 3 of 5

LESSORS:

Edgewood Ranch, Inc.,
an Oregon corporation

By: _____

Date: 11/26/13

Jespersen Swan Lake, Inc.,
an Oregon corporation

By: _____

Date: 11/25/13

LJ2, LLC

an Oregon limited liability company

By: _____

Date: 11/25/13

LESSEE:

Klamath Basin Geopower, Inc.
an Nevada corporation

By: _____

Date: 11/29/13

State of Oregon)
County of Klamath)

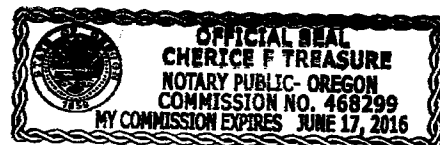
On 11/26/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Lawrence C. Jespersen, Jr *, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in 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.
* President for Edgewood Ranch, Inc., an Oregon corporation

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

Cherice F. Treasure



MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

Page 3 of 5

State of Oregon)
County of Klamath)

On 11/25/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Leonard Jespersen, President for *, 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.
* Jespersen Swan Lake, Inc., an Oregon corporation

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 Cherice F. Treasure



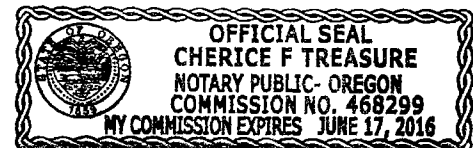
State of Oregon)
County of Klamath)

On 11/25/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Leonard Jespersen, Manager *, 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.
* for L2, LLC an Oregon limited liability company

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 Cherice F. Treasure



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MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

State of Oregon)
County of Klamath)

On 11/24/2013 before me, Cherice F. Treasure, Notary Public, personally appeared Lawrence C. Jespersen Jr &, 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.
Manager for LJ2, LLC an Oregon limited liability company

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 Cherice F. Treasure



On November 29, 2013 before me, Sarah K. Rowe, Notary Public, personally appeared William Hopps, 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 Nevada that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature S.K. Rowe

State of Nevada)
County of Washoe)

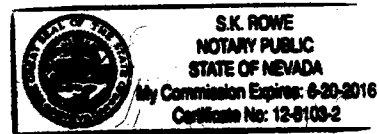


EXHIBIT ²E⁺
LEGAL DESCRIPTION

PARCEL 1:

IN TOWNSHIP 37 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON:

Section 14: W1/2 SW1/4
Section 15: NW1/4 NW1/4, S1/2 N1/2, NE1/4 SE1/4
Section 23: W1/2 NE1/4, SE1/4 NE1/4, E1/2 SE1/4
Section 24: SW1/4 SW1/4
Section 25: W1/2, W1/2 SE1/4
Section 26: E1/2 E1/2
Section 35: NE1/4 NE1/4
Section 36: All

IN TOWNSHIP 38 SOUTH, RANGE 10 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON:

Section 12: NE1/4, E1/2 NW1/4, NE1/4 SE1/4

Tax Account No: 3810-00000-03000-000

Key No: 454421

IN TOWNSHIP 38 SOUTH, RANGE 11 1/2 EAST OF THE WILLAMETTE MERIDIAN, KLAMATH COUNTY, OREGON:

Section 6: Government Lots 4, 5, 6 and 7; SE1/4 NW1/4, E1/2 SW1/4, SW1/4 SE1/4
Section 7: Government Lots 1, 2, 3 and 4; W1/2 E1/2, SE1/4 NE1/4, E1/2 W1/2, E1/2 SE 1/4, NE1/4 NE1/4
Section 8: W1/2 SW1/4
Section 17: W1/2
Section 18: Government Lots 1 and 2; NE1/4, E1/2 NW1/4
Section 20: SW1/4 NE1/4, NW1/4, N1/2 SW1/4, W1/2 SE1/4, SE1/4 SE1/4
Section 21: S1/2 SW1/4, SW1/4 SE1/4
Section 27: W1/2 SW1/4, SE1/4 SW1/4, EXCEPTING THEREFROM that portion of the SE1/4 SW1/4 conveyed to Oregon - California and Eastern Railway Company by deed recorded May 26, 1917 in Book 47 at page 392, Deed Records of Klamath County, Oregon. AND EXCEPTING from the SE1/4 SW1/4 that portion thereof lying Easterly of the Easterly line of the Oregon - California and Eastern Railway Company right of way.
Section 28: N1/2, NE1/4 SW1/4, SE1/4
Section 29: NE1/4, SE1/4 NW1/4, E1/2 SW1/4
Section 32: NE1/4 NW1/4, EXCEPTING THEREFROM all that portion lying within the Klamath Falls - Lakeview Highway (Highway 140)

Continued

PARCEL 2:

Parcel A:

The NE1/4 of Section 32, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel B:

The S1/2 NE1/4 and SE1/4 of Section 21 and S1/2 NW1/4 and SW1/4 of Section 22, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel C:

The NW1/4 of Section 28, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel D:

The NE1/4 NE1/4 of Section 19, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel E:

The E1/2 NE1/4 and the E1/2 W1/2 NE1/4 and that portion of the SE1/4 lying Easterly of Edgewood Lane in Section 18, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel F:

The E1/2 SE1/4 NE1/4, Section 7, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel G:

The W1/2 and SE1/4 and W1/2 W1/2 SW1/4 NE1/4 of Section 8; SW1/4, W1/2 SE1/4 and NE1/4 SE1/4, Section 9; SW1/4, S1/2 SE1/4 and NW1/4 SE1/4, Section 15; all of Sections 16 and 17; E1/2 and N1/2 NW1/4, Section 20; W1/2 and N1/2 NE1/4, Section 21; E1/2 and N1/2 NW1/4, Section 22; W1/2 and W1/2 SE1/4, Section 23; W1/2 and W1/2 E1/2, Section 26; E1/2 and NW1/4, Section 27; SW1/4, Section 28, SE1/4, Section 29; NE1/4 NE1/4, Section 34; N1/2 NW1/4 and NW1/4 NE1/4, Section 35, all in Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel H:

The SW1/4 SE1/4 of Section 5; N1/2 NE1/4, SE1/4 NE1/4 and that portion of the SW1/4 NE1/4 and the NE1/4 SE1/4 of Section 8 lying East of Swan Lake Road; and the S1/2 NW1/4 and that portion of the SW1/4 of Section 9, lying East of Swan Lake Road, all being in Township 38 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, Excepting therefrom the following described tract: Beginning at a point 50 links due East from a point on the Section line 20 chains South of the Northwest corner of SW1/4 of Section 9, Township 38 South, Range 10 East of the Willamette Meridian; run thence, due East 6.50 chains; thence North 1.75 chains; thence East 5 chains; thence South 4 chains; thence West 5 chains; thence North 1.75 chains; thence West 6.50 chains; thence North .50 chains to the point of beginning.

Continued

(Parcel 2 Legal Continued)

Parcel I:

A parcel of land situated in Section 9, Township 38 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, more particularly described as follows:

Beginning at a point 50 links due East from a point on the Section line 20 chains South of the Northwest corner of the SW1/4 of Section 9, Township 38 South, Range 10 East of the Willamette Meridian; run thence, due East 6.50 chains; thence North 1.75 chains; thence East 5 chains; thence South 4 chains; thence West 5 chains; thence North 1.75 chains; thence West 6.50 chains; thence North .50 chains to the point of beginning.

Parcel J:

The SE1/4 SE1/4 of Section 5, Township 38 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel K:

The S1/2 SW1/4 of Section 4 and the N1/2 NW1/4 of Section 9, Township 38 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel L:

The NE 1/4 of Section 28 and the NE1/4 of Section 29, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

Parcel M:

The SW1/4 of Section 27, and the SE1/4 of Section 28, Township 37 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon.

TOGETHER WITH an easement for ingress and egress over the Westerly 30 feet of the NE1/4 of Section 28, Township 37 South, Range 10 East, Willamette Meridian, Klamath County, Oregon, as granted by instrument recorded April 27, 1994 in Volume M94, Page 12606, Microfilm Records of Klamath County, Oregon.