

2014-001103

Klamath County, Oregon



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02/07/2014 10:15:54 AM

Fee: \$52.00

After recording, mail to:

Melvin D. Ferguson

Attorney at Law

514 Walnut Avenue

Klamath Falls, Oregon 97601

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## MEMORANDUM OF GEOTHERMAL LEASE AND AGREEMENT

THIS MEMORANDUM OF LEASE AND GEOTHERMAL AGREEMENT ("Memorandum of Lease") dated the 6<sup>th</sup> day of February, 2014 ("Effective Date"), by and between Jimmy Lee Scott and Joanne Lynn Scott hereafter referred to individually or in total as "Lessor", and Klamath Basin Geopower, Inc., a Nevada Corporation ("Lessee").

### RECITALS

WHEREAS, Lessor and Lessee have executed that certain Geothermal Lease and Agreement ("Lease") dated as of the 6<sup>th</sup> day of February, 2014 ("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, along with easements for access 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 (including transmission and generation-tie lines), all as may be necessary, useful, or convenient in connection with and to accomplish the foregoing.

2. Premises. The Premises is described as follows:

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:

Parcel 1

All of Government Lot 1 of Section 31, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, EXCEPTING portion heretofore taken by or conveyed to the United States for right of way for irrigation canals.

Parcel 2

That portion of Government Lot 1 (SE1/4 SE1/4) of Section 30, Township 39 South, Range 10 East of the Willamette Meridian, Klamath County, Oregon, lying South of U.S.R.S. Diversion Canal.

Account No. 3910-03000-02700-000 and 3910-03100-00100-000

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.
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.

LESSOR:

Jimmy Lee Scott  
Jimmy Lee Scott

2-5-2014  
Date

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on 2-5, 2014,  
by Jimmy L. Scott.



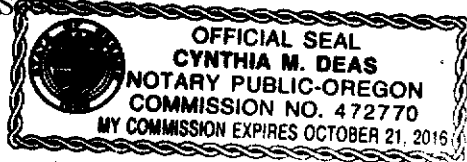
Cynthia M. Deas  
Notary Public - State of Oregon  
My commission expires: 10-21-16

Joanne Lynn Scott  
Joanne Lynn Scott

2-5-2014  
Date

STATE OF OREGON, County of Klamath) ss.

This instrument was acknowledged before me on 2-5-14, 2014,  
by Joanne L. Scott.



Cynthia M. Deas  
Notary Public - State of Oregon  
My commission expires: 10-21-16

LESSEE:

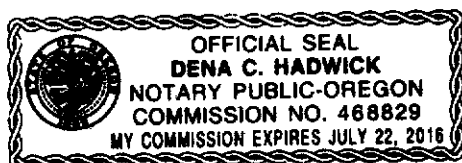
Klamath Basin Geopower, Inc.,  
a Nevada Corporation

By: [Signature]  
William Honjas, President

2/6/14  
Date

STATE OF ~~NEVADA~~ Oregon, County of Klamath) ss.

This instrument was acknowledged before me on February 6, 2014, by  
William Honjas as President of Klamath Basin Geopower, Inc.



Dena C. Hadwick  
Notary Public - State of ~~Nevada~~ Oregon  
My commission expires: 7-22-16