

MC 9921103

After recording return to:

Melvin D. Ferguson  
Attorney at Law  
514 Walnut St.  
Klamath Falls, OR 97601

2014-002165

Klamath County, Oregon



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03/13/2014 10:21:52 AM

Fee: \$62.00

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**MEMORANDUM OF FIRST AMENDMENT TO  
GEOTHERMAL LEASE AND AGREEMENT, ASSIGNMENT AND NOVATION**

This Memorandum of Geothermal Lease and Agreement ("Memorandum of Lease") is executed March 12, 2014, and is effective the same date, by and between Planasa-Oregon REO, LLC, an Oregon limited liability company, as "Lessor" and Klamath Basin Geopower, Inc., a Nevada corporation, as "Lessee".

**RECITALS**

WHEREAS, Mary and Emil Nobel as Lessors entered into a Geothermal Lease and Agreement ("Lease") dated December 9, 2010 with Optim, Inc. as Lessee and recorded a memorandum of said lease in Klamath County, Oregon deed records on May 18, 2011 at Volume 2011, p. 006261.

WHEREAS on January 19, 2011 and pursuant to an Assignment and Assumption of Leases agreement, Optim, Inc. assigned its Lessee interest in said Lease to Klamath Basin Geopower, Inc.

WHEREAS on September 3, 2011 Emil Nobel died and Mary Nobel became sole owner of the Premises.

WHEREAS on 3-12-14 Mary Nobel sold her interest in the Premises to Planasa-Oregon REO, LLC and assigned her Lessor interest in the Lease to Planasa-Oregon REO, LLC. At the same time Planasa-Oregon REO, LLC as Lessor and Klamath Basin Geopower, Inc. as Lessee executed an amendment to the Lease.

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WHEREAS Klamath Basin Geopower, Inc. now enjoys a leasehold interest as Lessee 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 located in Klamath County, Oregon as more particularly described in Section 2 of this Memorandum of Lease ("Premises"); and

WHEREAS, Planasa-Oregon REO, LLC as Lessor and Klamath Basin Geopower, Inc. as Lessee desire to record notice of the Lease as amended by the First Amendment 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 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 facilities thereon and therein, except as otherwise provided by the Lease and First Amendment thereto, all as may be necessary, useful or convenient in connection with and to accomplish the foregoing.

2. Premises. The Premises are described as follows:

Beginning at the center of Section 19, Township 39 South, Range 10 East of the Willamette Meridian; Klamath County, Oregon; thence North to the South boundary of the U.S. Reclamation Service Canal; thence Southeasterly along said Southerly boundary to the Westerly boundary of U.S. Reclamation Service C Branch Canal; thence Southwesterly along said Westerly boundary to its intersection with the East-West center line of said Section 19; then West along said centerline to the point of beginning.

EXCEPTING THEREFROM that portion lying within Short Road.

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.

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4. Restrictions on Encumbrances. Throughout the Term of the Lease, Lessor and Lessee are prohibited from recording against the other Party's real or personal property liens or encumbrances. Should a Party have a lien imposed upon its property due to the failure of the other party to pay laborers, material men or suppliers, such Party shall have the right to discharge the lien and make collection including attorney fees from the nonperforming Party. Each Party has the duty to defend the title and to indemnify the other from and against any liens or encumbrances. Notwithstanding the foregoing, a lender of Lessee shall be entitled to take security in Lessee's equipment, transport pipes and drilling pad, but to the extent said asset is a permanent improvement to the Premises the lender's security shall be subject to and subordinate to Lessor's lease interest. A Lender of Lessor shall also be entitled to take security in the Premises and Lessor's improvements thereon. To the extent Lessor's lender deems Lessee's assets to be permanent improvements then Lessee shall be required to subordinate its improvement to Lessor's lender.

5. Restrictions to Transfer. Subject to certain exceptions, Lessor and Lessee may transfer their respective 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, First Amendment thereto, assignment of Lessee's interest from Optim, Inc. to Klamath Basin Geopower, Inc. and assignment of Lessor's interest from Mary Nobel to Planasa-Oregon REO, LLC and is not intended to limit or augment any of the rights granted in the Lease and First Amendment, the terms of which are incorporated herein by reference. In the event of any inconsistency between this Memorandum and the terms and conditions of the Geothermal Lease and Agreement and the First Amendment and Assignment, the Lease as amended by the First Amendment and Assignment shall prevail.

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

LESSOR: Planasa-Oregon REO, LLC,  
an Oregon limited liability company

By: Michael Delaney  
Michael Delaney  
Manager

LESSEE: Klamath Basin Geopower, Inc.,  
a Nevada corporation

By: William Honjas  
William Honjas  
President

DATE: 3-12-14

DATE: 3/5/14

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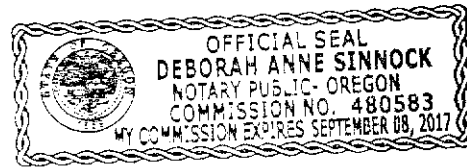
State of Oregon       )  
County of Klamath    )

On 3-12-14 before me, Debbie Sinnock, Notary Public, personally appeared Michael Delaney, Manager of Planasa-Oregon REO, LLC, 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 Debbie Sinnock



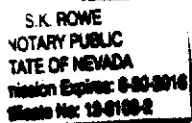
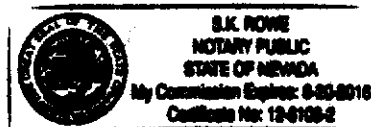
State of Nevada       )  
County of Washoe    )

On March 5, 2014 before me, Sarah Rowe, Notary Public, personally appeared William Honjas, President of Klamath Basin Geopower, INC., 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 S.K. Rowe



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