

2020-013127

Klamath County, Oregon



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**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

10/13/2020 03:13:57 PM

Fee: \$102.00

Swan Lake North Hydro, LLC
c/o Rye Development
220 NW 8th Avenue
Portland, OR 97209
Attn: Erik Steimle

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE**MEMORANDUM OF OPTION AGREEMENT**

This MEMORANDUM OF OPTION AGREEMENT (the "**Memorandum**") is entered into as of July 12, 2018 (the "**Effective Date**") by and between Green Diamond Resource Company, a Washington Corporation ("**Optionor**") and Swan Lake North Hydro, LLC, a Delaware limited liability company ("**Optionee**"). Optionor and Optionee may collectively be referred to as the "**Parties**".

A. Optionor holds fee simple title to certain real property located in Klamath County, Oregon, as more particularly described in Exhibit A, attached hereto and by this reference made a part hereof (the "**Property**"). The Property is part of Optionor's Klamath East Improved Forest Management Forest Carbon Offset Project, ARB Project ID No. CAFR5233 and ACR Project ID No. 273 (the "**Carbon Project**"). Upon final approval by the California Air Resource Board, the Carbon Project is subject to the California Air Resource Board's Cap and Trade Regulations (currently codified in Title 17 of the California Code of Regulations, §§ 95800 – 96022 (November 1, 2015)) and the corresponding Compliance Offset Protocol for U.S. Forest Projects adopted November 14, 2014 (as each may be amended from time to time, the "**Regulations**"). Optionor is the "**Offset Project Operator**" for the Carbon Project, and a "**Forest Owner**", as those terms are defined in the Regulations.

B. Optionee desires to develop and construct a pumped storage hydroelectric power project and related reservoir, pipelines, structures for the conveyance of water and electrical transmission lines on, under, above and across portions of the Property and certain adjacent real property (collectively, the "**Project**").

C. Optionor and Optionee have entered into that certain Option Agreement of even date herewith (the "**Agreement**"), pursuant to which Optionor has granted Optionee an exclusive, irrevocable option to acquire an easement ("**Easement**") for purposes of (a) installing vehicular and pedestrian ingress and egress to and from the Project by Optionee and Optionee's affiliates and their respective agents, contractors, employees and invitees, (b) the installation, construction, operation, use, maintenance, repair, replacement, and removal of overhead and/or underground transmission lines and related equipment and facilities for transmitting electric energy to and from the Project, whether or not such energy is generated by Optionee or affiliates of Optionee, and (c) the installation of individual or multiple reservoirs, pipelines, membranes, impoundments, or levees on the Property in connection with the Project.

D. Among other terms and conditions, the Agreement provides that: (a) the period during which the Optionee may exercise the option granted therein shall commence on the Effective Date and shall expire three (3) years from the Effective Date, or as extended pursuant to the terms and conditions

set forth in the Agreement; and (b) if the option is exercised, Optionor shall grant an Easement to Optionee on the Property upon the terms and subject to the conditions set forth in the Agreement.

E. This Memorandum is executed and recorded solely for the purpose of providing record notice to third parties of the execution, delivery and existence of the Agreement. This Memorandum shall not supersede or in any way modify the terms or conditions of the Agreement. In the event of any conflict between any term or provision of the Agreement and this Memorandum, the applicable term or provision of the Agreement shall control. Reference is made to the Agreement for all remaining terms, covenants, and conditions thereof.

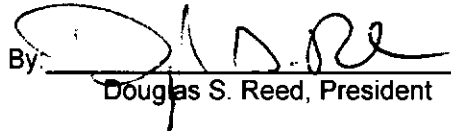
F. This Memorandum may be executed in separate counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Memorandum.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, Optionor has caused its duly authorized representative to execute this Memorandum on the date set forth below with the intent that this Memorandum be effective as of the Effective Date set forth above.

OPTIONOR:

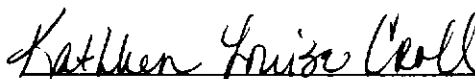
Green Diamond Resource Company, a Washington Corporation

By:  MS Date: July 12, 2018
Douglas S. Reed, President

STATE OF WASHINGTON)
)ss.
County of King)

The foregoing instrument is acknowledged before me this 12th day of July, 2018, by DOUGLAS S. REED as PRESIDENT of Green Diamond Resource Company.




Notary Public for Washington
Commission No.: 162366
My commission expires: 10-23-2020

IN WITNESS WHEREOF, Optionee has caused its duly authorized representative to execute this Memorandum on the date set forth below with the intent that this Memorandum be effective as of the Effective Date set forth above.

OPTIONEE:

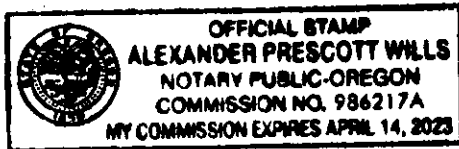
Swan Lake North Hydro, LLC, a Delaware limited liability company

By: [Signature]
Name: Erik Steimle, President

Date: 7/31/2018

STATE OF Oregon)
County of Multnomah) ss.

The foregoing instrument is acknowledged before me this 31st day of JULY, 2018, by Erik Steimle as President of Swan Lake North Hydro, LLC.



[Signature]
Notary Public for Oregon
Commission No.: 986217A
My commission expires: 4/14/2023

**Exhibit A to Memorandum of Option Agreement
Legal Description of Property**

Township 37 S Range 10 E, W.M.

Section 1 S $\frac{1}{2}$

Section 2 S $\frac{1}{2}$

Section 3 N $\frac{1}{2}$ SE $\frac{1}{4}$; N $\frac{1}{2}$ SW $\frac{1}{4}$; E $\frac{1}{2}$ S $\frac{1}{2}$ SW $\frac{1}{4}$

Section 4 Government Lots 1 and 2

Section 10 NW $\frac{1}{4}$ NW $\frac{1}{4}$

Section 11 N $\frac{1}{2}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ NW $\frac{1}{4}$

Township 37 S Range 11.5 E, W.M.

Section 7 S $\frac{1}{2}$ NW $\frac{1}{4}$; N $\frac{1}{2}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$

Section 8 S $\frac{1}{2}$

Section 9 S $\frac{1}{2}$ NW $\frac{1}{4}$; SW $\frac{1}{4}$

Township 40 S Range 12 E, W.M.

Section 22 NW $\frac{1}{4}$ NE $\frac{1}{4}$; W $\frac{1}{2}$ SE $\frac{1}{4}$

All in Klamath County, Oregon