

**2021-013116**

Klamath County, Oregon

08/27/2021 10:53:00 AM

Fee: \$107.00

RECORDING COVER SHEET (Please Print or Type)

This cover sheet was prepared by the person presenting the instrument for recording. The information on this sheet is a reflection of the attached instrument and was added for the purpose of meeting first page recording requirements in the State of Oregon, ORS 205.234, and does NOT affect the instrument.

*THIS SPACE RESERVED FOR USE BY
THE COUNTY RECORDING OFFICE*

AFTER RECORDING RETURN TO:

KLAMATH HILLS GEOTHERMAL LLC

1033 SW WILLIAMS ROAD

POWELL BUTTE OR 97753

1) TITLE(S) OF THE TRANSACTION(S) ORS 205.234(a)

Memorandum of First Amendment to Geothermal Resources Lease Agreement

2) DIRECT PARTY / GRANTOR(S) ORS 205.125(1)(b) and 205.160

Fred Ronald Barnes IV and Dawn Catherine Barnes

3) INDIRECT PARTY / GRANTEE(S) ORS 205.125(1)(a) and 205.160

Klamath Hills Geothermal LLC

4) TRUE AND ACTUAL CONSIDERATION

ORS 93.030(5) – Amount in dollars or other

\$ _____ ☒ Other**5) SEND TAX STATEMENTS TO:**

No Change

6) SATISFACTION of ORDER or WARRANT

ORS 205.125(1)(e)

CHECK ONE: ☐ FULL
(If applicable) ☐ PARTIAL**7) The amount of the monetary obligation imposed by the order or warrant. ORS 205.125(1)(c)**

\$ _____

8) If this instrument is being Re-Recorded, complete the following statement, in**accordance with ORS 205.244: "RERECORDED AT THE REQUEST OF _____ TO CORRECT _____"**

PREVIOUSLY RECORDED IN BOOK _____ AND PAGE _____, OR AS FEE NUMBER _____."

MEMORANDUM OF FIRST AMENDMENT TO GEOTHERMAL RESOURCES LEASE AGREEMENT

THIS MEMORANDUM OF FIRST AMENDMENT TO GEOTHERMAL RESOURCES LEASE AGREEMENT ("Memorandum") is made and entered into this 23rd day of August, 2021, by and between Fred Ronald Barnes IV and Dawn Catherine Barnes, husband and wife, whose address is 3875 Lower Klamath Lake Road, Klamath Falls, Oregon (hereinafter referred to collectively as "Lessor") and Klamath Hills Geothermal, LLC, an Oregon limited liability company, with its principal offices located at 1033 SW Williams Road, Powell Butte, Oregon (hereinafter referred to as "KHG" or "Lessee"). Lessor and KHG are sometimes hereinafter collectively referred to as the "Parties," and individually as a "Party."

RECITALS

WHEREAS, the Parties executed that certain Geothermal Resources Lease Agreement dated December 29, 2017, which was recorded on January 2, 2018 as Document No. 2018-000001, Official Records of Klamath County, Oregon; and

WHEREAS, the Parties have executed a First Amendment to Geothermal Resources Lease Agreement dated August 23rd, 2021; and

WHEREAS, the Parties wish to set out and record a short Memorandum of the First Amendment to Lease summarizing the key terms of the Lease, as amended by the First Amendment, in order to provide record notice of its existence to third parties;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are acknowledged by both Parties, the Parties agree as follows:

1. INTEREST GRANTED; CERTAIN RESTRICTIONS ON LESSEE.

In consideration of the covenants and agreements contained herein, Lessor hereby grants and leases to KHG, subject to certain surface and water rights granted by Lessor to the U.S. Fish and Wildlife Service ("USFWS") pursuant to a separate lease between Lessor and the USFWS, the exclusive right and privilege to drill for, extract, produce, remove, utilize, sell, and dispose of all forms of thermal energy and other associated geothermal resources located on the Leased Premises. A more detailed description of the foregoing rights is contained in the Lease, and this Memorandum in no way limits or restricts the rights of KHG or Lessor under the Lease.

2. TERM:

(a) Initial Term, As Extended. This Lease, subject to certain early termination rights set out in the Lease, shall have an initial term of TWENTY (20) years from the execution date set forth in the first "WHEREAS" clause above (the "Initial Term"), and shall continue for so long thereafter as:

(i) KHG is extracting or drilling for Geothermal Resources on the Premises (or lands pooled or unitized with the Premises), working with reasonable diligence, allowing not more than TWENTY-FOUR (24) months between the completion or abandonment of one site/well and the exploration and/or commencement of operations for the next; or

(ii) Geothermal Resources are being produced or generated from the Premises (or from lands pooled or unitized with the Premises) in commercial quantities or steps are being taken to develop the Premises in such a way as to produce or generate from the Premises commercial quantities of Geothermal Resources; or

(iii) Remedial Operations are being continuously conducted on the Premises (or lands pooled or unitized with the Premises); or

(iv) Drilling operations, commercial production of Geothermal Resources, or Remedial Operations have been suspended or excused under the Force Majeure or other provisions of this Lease; or

(vi) this Lease is otherwise extended by its terms.

(b) The initial project development period under the Lease has been extended to December 29, 2022, per the terms of the First Amendment to Lease.

3. RENTALS AND ROYALTIES:

The Lease provides for an initial payment to Lessor and for the payment of production royalties by Lessor to Lessee, as further described in the Lease. Lessor is also entitled to a one-time payment from Lessee upon Lessee's acquisition of financing for the geothermal project that Lessee intends to develop, assuming Lessee utilizes any portion of the Leased Premises for the Project.

4. TAXES AND ASSESSMENTS:

The Lease allocates certain taxes and assessment between the Parties, as further detailed in the Lease.

5. PROTECTION OF SURFACE; LAWS; LIENS; EQUIPMENT

The Lease provides certain protections for existing and future surface uses of the Premises, as further described in the Lease, and the First Amendment. Among these protections, are exclusive surface rights over approximately 25 acres granted to the USFWS, with Lessee's consent, pursuant to the Separate Lease between Lessor and USFWS. The Lease also requires compliance with all applicable laws, and requires

Lessee to keep the Premises free of liens. Lessee also has certain indemnification obligations to Lessor.

6. COMMINGLING, POOLING, AND UNITIZATION:

Lessee has certain rights to commingle production from the Premises with geothermal production from other potential lessors and to pool and unitize production from several lessors, including that of Lessor, as further detailed in the Lease.

7. RESERVATIONS TO LESSOR:

Certain rights to use the surface of the Premises are reserved to Lessor, and Lessor has agreed to indemnify Lessee from certain claims potentially arising from Lessor's operations, all as more fully detailed in the Lease.

8. DEFAULT AND TERMINATION; SURRENDER:

The Lease, as amended by the First Amendment thereto, contains standard default and termination provisions covering both Lessor and Lessee, as further detailed in the Lease. It also contains certain rights of Lessee to surrender the Lease, in the exercise of its sole discretion.

9. FORCE MAJEURE.

The Lease contains standard force majeure provisions that enable Lessee to suspend the performance of certain of its obligations pending resolution of the force majeure event.

10. CONDEMNATION

The Lease contains provisions governing the allocation of condemnation proceeds in the event that the Premises is condemned. These provisions cover both a full and partial condemnation of the Premises.

11. REMOVAL OF KHG'S PROPERTY.

KHG has certain rights to remove property and equipment it has placed on the Premises under the Lease, both during the term of the Lease, and upon termination of the Lease.

12. ASSIGNMENT.

Lessee has certain rights to assign the Lease both as collateral for project financing, and to third parties, as detailed more fully in the Lease.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSOR.

The Lease contains certain representations, warranties, and covenants of the Lessor with respect to Lessor's good title to the Premises, etc., all as more fully detailed in the Lease.

14. **GENERAL PROVISIONS.**

The Lease contains a number of standard, general provisions covering notices by the Parties, severability of certain provisions, binding effect, right of Lessor to record a memorandum of lease, etc.

IN WITNESS WHEREOF the Parties hereto have executed this Memorandum of First Amendment to Lease as of the date hereinabove first written.

LESSOR:

Mr. Fred R. Barnes IV and Dawn Catherine Barnes

By: Fred Ronald Barnes
Fred R. Barnes, IV

Dawn C Barnes
Dawn Catherine Barnes

KHG

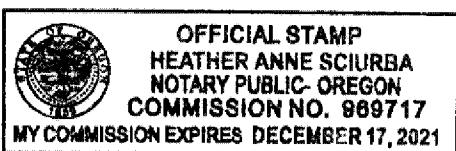
KLAMATH HILLS GEOTHERMAL, LLC, LLC.

By: Robert Buckner, President
Robert Buckner, President

STATE OF OREGON

COUNTY OF KLAMATH

On this 20 day of August 2021, personally appeared before me Fred R. Barnes, IV the signer of the foregoing instrument, who duly acknowledged to me that he executed the same in his capacity as co-owner.



NOTARY PUBLIC

Residing At: Klamath Falls OR

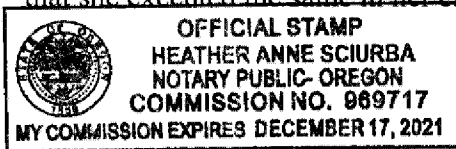
My Commission expires:

10/17/21

STATE OF OREGON

COUNTY OF KLAMATH

On this 26 day of August 2021, personally appeared before me Dawn Catherine Barnes, the signer of the foregoing instrument, who duly acknowledged to me that she executed the same in her capacity as co-owner.



[Signature]

NOTARY PUBLIC

Residing At: Klamath Falls OR

My Commission expires:

10/17/21

STATE OF OREGON

COUNTY OF KLAMATH

On this 23rd day of August 2021, personally appeared before me Robert Buckner, who being by me duly sworn did say that he is the President of Klamath Hills Geothermal LLC, an Oregon limited liability company, and that the foregoing instrument was signed on behalf of said company by authority of its Operating Agreement, or by resolution of its Board of Directors, and said Robert Buckner acknowledged to me that said company executed the same.

[Signature: Tonya Rae Thomas]
NOTARY PUBLIC

Residing At: Pack Ship + More
Prineville, OR

My Commission expires:

7-8-2025

