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2021-013973
Klamath County, Oregon
09/15/2021 09:47:01 AM
Fee: \$117.00

AFTER RECORDING RETURN TO:

Klamath Hills Geothermal LLC

1033 SW Williams Road

Powell Butte OR 97753

THIS SPACE RESERVED FOR USE BY
THE COUNTY RECORDING OFFICE

SEND TAX STATEMENTS TO:

No Change

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

Memorandum of Second Amendment to Geothermal Resources Lease Agreement

DIRECT PARTY(S) -- (i.e., DEEDS: Seller/Grantor; MORTGAGES: Borrower/Grantor; LIENS: Creditor/Plaintiff)

ORS 205.125(1) (b) and 205.160

Fred Ronald Barnes IV and Dawn Catherine Barnes

INDIRECT PARTY(S) -- (i.e., DEEDS: Buyer/Grantee; MORTGAGES: Beneficiary/Lender; LIENS: Debtor/Defendant)

ORS 205.125(1) (a) and 205.160

Klamath Hills Geothermal LLC

TRUE AND ACTUAL CONSIDERATION-- (Amount in dollars or other) ORS 93.030(5)

\$ Other

JUDGMENT AMOUNT-- (obligation imposed by the order or warrant) ORS 205.125(1) (c)

\$ N/A

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/PAGE/FEE NUMBER _____

**MEMORANDUM OF SECOND AMENDMENT TO GEOTHERMAL
RESOURCES LEASE AGREEMENT**

THIS MEMORANDUM OF SECOND AMENDMENT TO GEOTHERMAL RESOURCES LEASE AGREEMENT ("Memorandum") is made and entered into this 25 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 executed a First Amendment to Geothermal Resources Lease Agreement dated August 23, 2021, and a Memorandum thereof which has been recorded in the Official Records of Klamath County, Oregon as Document No. 2021-013116; and

WHEREAS, the Parties have also executed a Second Amendment to Geothermal Resources Lease Agreement dated August 25, 2021; and

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

WHEREAS, to facilitate a separate lease transaction between Lessor and the U.S. Fish and Wildlife Service ("USFWS"), the Parties have agreed to delay the recording of this Memorandum of Second Amendment to Lease until after the recording of the separate lease between Lessor and USFWS;

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 Premises described in Exhibit A hereto. 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.

Under the Second Amendment to Lease, Lessor has been given the right to drill an additional well on the Leased Premises for temporary use in Lessor's fish farming operations, subject to Lessee's right to assume responsibility for such well as part of its proposed geothermal project pursuant to the conditions set out in the Second Amendment. Should Lessor proceed with the drilling of the additional well, it will be responsible for all well development and permitting costs, and has agreed to cease use of the new, additional well when and if tailwater from KHG's Geothermal Project becomes available. Additional details regarding the proposed location and development of the additional well are set out in the Second Amendment to 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 in the First and Second Amendments. 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.

Under the Second Amendment to Lease, Lessee's right to utilize horizontal, or directional drilling under the area covered by the separate lease between Lessor and USFWS is preserved, as long as the vertical portion of any such new wells, and related activities, take place on portions of the Leased Premises that are not subject 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 Second Amendment to Lease as of the date hereinabove first written.

LESSOR:

Mr. Fred R. Barnes IV and Dawn Catherine Barnes

By: Fred R. Barnes
Fred R. Barnes, IV

Dawn Catherine Barnes
Dawn Catherine Barnes

KHG

KLAMATH HILLS GEOTHERMAL, LLC, LLC.

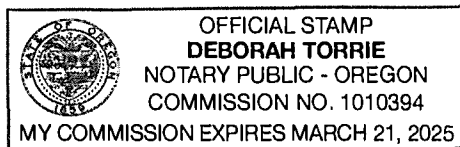
By: Signed in counterpart
Robert Buckner, President

STATE OF OREGON

COUNTY OF KLAMATH

On this 24th 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.

Deborah Torrie
NOTARY PUBLIC
Residing At: Klamath Falls, OR



My Commission expires:
March 21st 2025

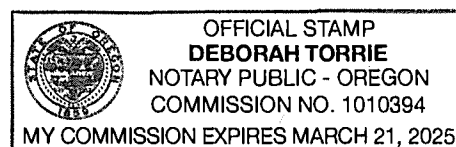
STATE OF OREGON

COUNTY OF KLAMATH

On this 24th 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.

Deborah Torrie
NOTARY PUBLIC
Residing At: Klamath Falls, OR

My Commission expires:
March 21st 2025



Signed in counterpart

Dawn Catherine Barnes

KHG

KLAMATH HILLS GEOTHERMAL, LLC, LLC.

By: Robert Buckner, President
Robert Buckner, President

STATE OF OREGON

COUNTY OF KLAMATH

On this _____ 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: _____

My Commission expires:

STATE OF OREGON

COUNTY OF KLAMATH

On this _____ 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.

NOTARY PUBLIC

Residing At: _____

My Commission expires:

STATE OF OREGON

COUNTY OF ~~KLAMATH~~ CROOK

On this 25th 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.

Kelsey Marie Way

NOTARY PUBLIC

Residing At: Prineville, Crook County

My Commission expires:

2/28/2025

